THE POLITICAL CONFIDENCE OF A BREAKOUT BUDGET **BY SWAPAN DASGUPTA**

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LETTER OF THE WEEK

Once again, elections in five states are being dominated by the politics of caste, religion and freebies ('Five Myths about How India Votes', February 7th, 2022). These campaigns also thrive by spreading several myths about voting practices, which had earlier proved successful. Promises made by political parties to potential voters during elections are one such long-practised campaign strategy. The old campaign slogan "*bijli-sadak-paani*" is a long-used political device; particularly in the state of Uttar Pradesh, which is poll-bound. The leaders there have used all the mileage they can get out of this slogan to the extent that it has become a cliché. This is all being done despite statistics that display the far-reaching transformation of physical infrastructure on the ground, as well as the enormous strides made in the social sector over the past decade. Another myth used during elections is that of political alliances made between different castes. Those parties demanding a caste census are dividing the people into certain groups in order to get as many votes as they possibly can. Between those who want to bring in a Uniform Civil Code and those opposing them, there is little difference. Those who did nothing for the development of the state they have ruled are depending on freebies to win the elections. The question that arises is why this happens during elections as over the past several decades. Another is why it is that caste equations become so important only during elections. These questions should be remembered to counter such tropes and myths.

Kartikey Upadhyay

OPEN
ELECTION
FICTIONS
2022
FIVE MYTHS ABOUT HOW INDIA VOTES

DEVAS FALLOUT

It has been a little more than a decade since the fraud behind the Devas-Antrix deal was exposed, and the consequences are still being witnessed ('The Devas Matrix', February 7th, 2022). Antrix has since then received permission given by the National Company Law Tribunal to wind up Devas, a move which Devas went as far as the Supreme Court to appeal. The appeal was rejected on January 17th, making it a great victory for the Modi Government. This was also because the grounds to contest the arbitral awards had been provided, highlighting the fraud on the part of Devas. This, along with other recent developments, will come as some relief to the Government.

SK Jha

NEW GAME PLAYER

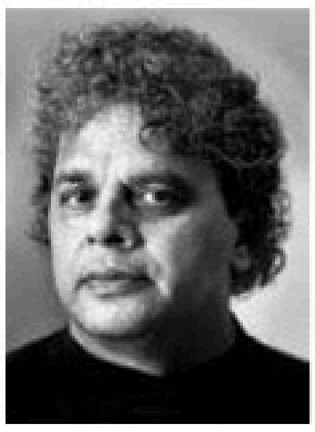
The election scenario in Uttarakhand has taken a curious turn after the infighting in the state Congress camp left the field open after BJP brought in the relatively young and inexperienced Pushkar Singh Dhami ('The Hills Have Eyes', February 7th, 2022). However, Dhami, quickly learning the nuances of Uttarakhand politics, took bold steps in reversing certain decisions for the benefit of the state with the blessings of Prime Minister Narendra Modi. This appears to have tilted the scales in favour of BJP. Keeping this in mind, as well as the popularity of Modi in the hill state, a good fight is on the cards. Time will tell who will emerge as the winner.

KR Srinivasan

ONLINE TARGETING

The emergence of Sulli Deals followed by Bulli Bai has shocked a great many people, besides the minorities they targeted ('#Hate', January 24th, 2022). They are only the tip of the iceberg. There could be someone highly influential behind them, using them as pawns. Those behind these apps must be investigated and prosecuted.

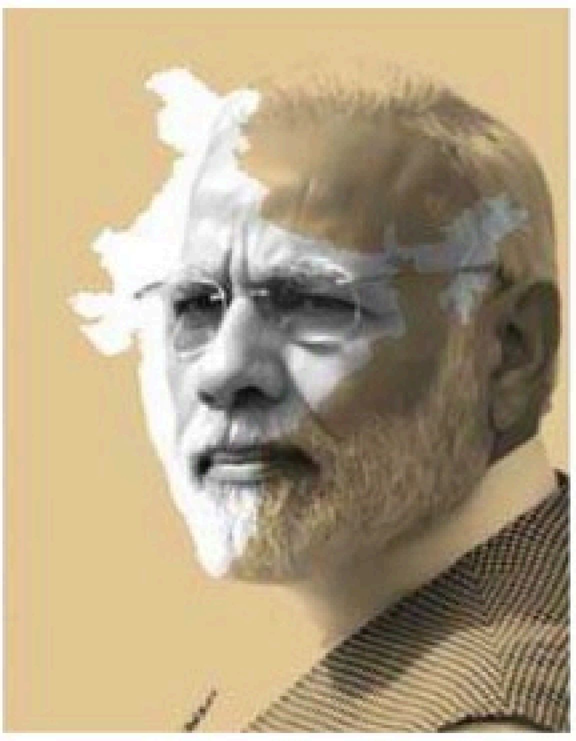
MY Shariff



By S PRASANNARAJAN

NATION BUILDING (NEW VERSION)

IF POLITICS IS an argument that consistently resists resolution, economics is still seeking validation as a science. In 2014, the argument turned decisive for an India shaped by the holy precincts of the original nation-builders. When Narendra Modi entered Delhi as prime minister, with the kind of flamboyance that set him apart as a lone traveller in the Sangh Parivar, he was determined not to be one of 'them' who came before him. He was the sole custodian of a mandate that owed more to his personality than to the party itself. The personal was destiny—and it was always there about him as he continued the argument for his version of India. He did so as an outsider, all the while accentuating his cultural differences as a politician from those who dominated the argument before him. And he still feels he cannot afford a pause, for, in his scheme of things, power is about making a change in the cultural behaviour of a country. The cultural is the political.



The economic argument, which the Right is used to winning, has not been as dramatic as the cultural engineering, in spite of interventions like demonetisation. His first steps as a gradualist in the marketplace have been seen by those who were expecting a blue-blooded right-winger moulded in Reaganism or Thatcherism as tentative, still returning to the abandoned book of socialism whenever he was in doubt. The impatience of his admirers-turned-disillusioned was to a great extent justified by the market legacy the new prime minister carried with him—remember Gujarat being portrayed in the international media as India's version of Deng's Guangdong for its special economic zone-like transformation in an otherwise stagnant country. The Gujarat chief minister's bold strokes were missing; the unfettered marketplace and a downsized state were not there yet. They also remembered the moderniser on the stump in the campaign for 'liberating' India—someone who didn't bother to stress the cultural agenda then. Did the impatience of the doubters with the 'tentative moderniser' miss the man's own impatience with an unequal India?

In another India, the slogan that launched the other leader of mass appeal as a campaigner against an unequal India was as crisp as *Garibi Hatao*. The political culture that canonised Indira Gandhi as Mother India, though, made poverty a prerequisite for social as well as communal ghettoisation. The poor India kept the elitism of ideology not just relevant but necessary. The perpetuation of wretched India was an ideological project that made slogans compassionate and reality all the more wretched. Modi's modernisation was meant to be a freedom struggle, a rejoinder to the socialist inertia of the Congress years. In power, his style was big-changes-come-from-small-steps, and he didn't reject the state. He just realised that the first step towards the modernisation of the marketplace was the modernisation of the state itself. What was required before the retreat of the state was a restoration of the state. There was no drama; there was only quiet de-dogmatisation.

This was his way of nation building, even if it lacked the pace and clarity of the cultural project. His focus was not on dismantling the old edifice of the state entirely; he wanted to make it receptive to the demands of the unequal India—no modernisation project would be meaningful without a restructuring of the moribund state. And it was being played out outside the annual ritual of the Budget, which has already become more of a media event than an economic event. (Give the prime minister a few more years and the matter-of-factness of Budget presentation will be inevitable.) Still, some of us wait for that breakthrough Budget, that moment of historic rupture and reinvention. With this prime minister, the Budget is a reflection of what is being undertaken out there, not a revelation of intentions. When the finance minister promises a smoother ride to a digitally fabulous future, it is also a reaffirmation of Modi's idea of a responsive state, not a stifling state. The state alone can't end social inequalities, but the state can make the future unveiled in the Budget more accessible to Indians who were pauperised by a socialist state.

Nation building, in Modi's version, is a project in which the cultural is more pronounced and the economic is understated but equally purposeful, no matter how we have overused all the superlatives from the media's Budget glossary. The seamless compatibility of the cultural and the economic alone will make the nation-building a unifying project as well—something the prime minister continues to emphasise. For someone whose ultimate constituency is history, Modi knows that India's inequalities cannot be measured by economics alone. The journey to the future envisioned by the Budget has to be a cultural event too. ■

INDRAPRASTHA

Virendra Kapoor

SOME YEARS AGO when Mayawati was hard put to account for the hoard of cash seized, she claimed her followers out of "their love and devotion for me" had given the money—all in small amounts without breaching the prevailing limit on anonymous cash donations. This led an enterprising commentator to do some quick sums. He concluded that for the BSP supremo's claim to be tenable at least over a period of three years or more, three lakh people daily, including on national holidays and Sundays, ought to have donated the relatively "low amount" for it to total nearly to ₹400 crore.

But while Mayawati's claim was still in the realm of possibility, what the Aam Aadmi Party's Arvind Kejriwal said the other day defies both exigencies of space and time. Forced to name its chief ministerial candidate in Punjab at the pain of virtual revolt by the contender, the AAP boss sought to mask compulsion by contriving to give it a veneer of popular choice. People were invited to phone-in or SMS their choice at a given mobile number, and the AAP chief ministerial candidate would be announced 72 hours later.

Now, even for a charade to sound convincing, you require a modicum of common sense. As someone soon pointed out, it was humanly impossible for one mobile number to receive and tabulate nearly four lakh voice calls and over seven lakh messages in a span of 72 hours. Clearly, the entire exercise was meant to hoodwink people. Kejriwal's reluctance to name Bhagwant Mann the chief ministerial face had stemmed less from the fact that the popular Punjabi comedian was an alcoholic, and more because he hated to see anyone else in the party potentially emerge as a challenger.

It is notable that Kejriwal was at pains to emphasise that though Mann had left the decision to him, being a true democrat, he would go to the people for a poll.

Mann reportedly has had some success in shunning alcohol in recent months. Apparently, in the past as well, following a spell in a Bengaluru nature cure centre, he had again relapsed. But it is now claimed that he is completely "clean". But whether that is sufficient qualification for leading a difficult border state with a vast percentage of its people trapped in drugs and alcohol addiction is another matter.

THE RETURN OF Air India to the Tatas may be an occasion for celebration. If for nothing else, the fact that no longer would the taxpayer be made to shell out close to ₹8,000 crore annually to feed the white elephant. Hopefully, the country's most trusted business group would soon revive the airline's old glory. But the reason for my mentioning the sole success of NDA in divesting the once great asset-turned-liability is the flagrant abuse of the national carrier by *babus* and politicians. I recall a senior Punjab Congress leader approaching me to speak to a powerful bureaucrat in the Vajpayee PMO for upgrading him on a London flight. He volunteered that during the Congress years, he had absolutely no difficulty travelling business and even first class while on an economy fare. "All that it took then was a request to Dhawan *Saheb*." (RK Dhawan, the all-powerful aide of Indira Gandhi.) He pleaded he did not know anyone else to approach, though, according to him, it was a small matter of upgrading him and his family on a flight to London. Of course, there was no question of my speaking to anyone for his sake, but it should be enough to give you an idea how Air India was misused for freebies, such as all-paid layovers in Western cities with luxury accommodation and limos in London, Paris and New York, and other expensive gifts showered at the taxpayers' expense. Lifetime free tickets for senior management was one of the minor perks of being an Air Indian. No longer, though.

HIGH-PROFILE POLL strategist Prashant Kishor, who makes a pile hiring out his Indian Political Action Committee (IPAC), may be in for a lean period ahead, especially after Mamata Banerjee realises the folly of going all the way to Goa to burnish national credentials. Banerjee's cause was better served without her staking her political capital in a poll where despite sparing no expense, TMC remains a non-starter. Kishor will be unwelcome in Bengal after March 10th when the Goa blow hits Banerjee. Having burnt his bridges with the Gandhis, who apparently refused to grant him an elevated post for his joining Congress, few options remain open. But he can always float his own party and get the IPAC to make him a leader in his own right, can't he? ■

By Minhaz Merchant

The Root Cause

The tap of Hindu anger has burst open

THE DRUMBEAT OF hate from Haridwar was shocking. Equally disturbing was the reaction to it: a shrug of Hindu shoulders.

When did open animosity towards Muslims in India become socially acceptable? The majority of Hindus, across caste and class, are not anti-Muslim by nature. And yet, even among educated Hindus, there is growing ill-will for Muslims.

"They had it coming," said one stock market trader.

"They create a nuisance with *azaans* on loudspeakers five times a day," said a middle-aged chartered accountant.

"They pray on public streets and disturb the peace," said a software architect.

All these are sensible, educated, middle-class people. Communal prejudice and hate based on religion are foreign to them. And yet, their anger is visible and rising.

To examine why, look for the root cause.

During the Mughal empire, the Hindus were treated badly. Thousands of temples were demolished. But Hindu anger only simmered. It never boiled over. The caste system divided them. The Mughals favoured a few castes and gave them concessions on paying the *jizya* tax imposed on non-Muslims.

When the British came, many Hindus, especially the upper castes and princely families, were initially delighted. They never had the unity or military power to evict the Mughals. Now, these red-faced Englishmen, armed with sophisticated weapons, would do the job for them.

The British did exactly that. After conquering Bengal in 1757, the East India Company and its armies of mercenaries drawn from Europe, Arabia and locals in India, annexed province after province across the subcontinent. The Mughals were reduced to a small fief in Delhi. Soon, even that would fall.

But the Hindus, expecting liberty from vassalage and taxes, instead got more vassalage and more taxes from the British.

Between 1757 and 1947, India's economy stagnated. Poverty rose. Famines, rare under even the debauched Mughals, now occurred with debilitating frequency.

During the Mughal Empire, the taxes of Hindu traders and farmers had stayed within India. Under the British, those taxes were repatriated to Britain to fund the Industrial Revolution.

The British though were tactical. They recognised early on an Indian weakness: reflexive obeisance to authority. They set about exploiting that weakness with ruthless authoritarianism. They also recognised the deepset animus many Hindus felt for the Mughal remnants—the Hindus converted to Islam during the Mughal Empire.

The British went about widening the cleavage with calculated deliberation: modern-day communalism was born. It would be a lasting British legacy.

After Independence and the horrors of Partition, Nehru tried to heal the wounds caused to India's social fabric by centuries of Mughal and British depredations. Following Mahatma Gandhi's advice, Nehru assured Muslims who had chosen to stay back in India after Partition that they were safe in Hindu-majority, but determinedly secular India. That policy, pregnant with good intent, became the thin edge of the wedge: minority appeasement to garner votes.

> **The majority of Hindus, across caste and class, are not anti-Muslim by nature. And yet, even among educated Hindus, there is growing ill-will for Muslims**

The Muslims got to keep their personal laws. The Hindus didn't. The communal poison that the British had injected into India's bloodstream spread steadily during Congress rule.

The Hindus are slow to show anger. Open animosity towards Muslims was still socially and politically unacceptable.

Even the early BJP treaded cautiously. Atal Bihari Vajpayee became prime minister in 1998 only because he had a 24-party coalition, many alliance partners avowedly secular.

All that changed in 2014. Narendra Modi had left home at 17, wandered in the Himalayas for two years, and returned in 1969 aged 19 to join the RSS, abandoning his father, mother and brothers. He never returned home.

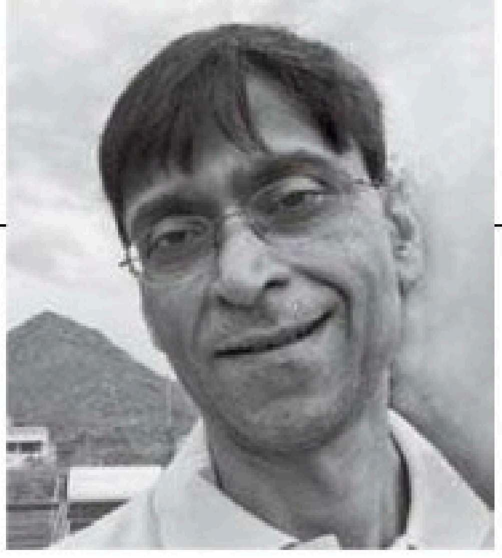
Modi had witnessed the horrific Hindu-Muslim riots in Gujarat in 1969. The state would become his laboratory of Hindutva.

And yet, even as chief minister of Gujarat and later prime minister, Modi knew communalism was a double-edged sword. As chief minister, he banished the Vishva Hindu Parishad (VHP) from Gujarat. He demolished temples in Ahmedabad that encroached on public roads.

As prime minister, he has practised Hindutva in politics but followed in Vajpayee's careful footsteps internationally, making common cause with the Muslim and the Arab world.

But the genie is out of the bottle. Repressed for centuries by brutal foreign rule and 55 years of benign Muslim minoritism by Congress, the tap of Hindu anger has burst open.

To turn that tap off will need great political sagacity. But turn it off India must. ■



By Makarand R Paranjape

A Plea for Love

When a poet's fixation meets with indifference

THE TITLE OF this book, *Identity's Last Secret*, comes from the twelfth chapter, "Translating into English," of Gayatri Chakravorty Spivak's *Aesthetic Education in an Era of Globalization*. (Published by Harvard University Press in 2012, the chapter in question occurs from pp. 256-274.)

Of her twenty-odd books, it is *Aesthetic Education* that is perhaps the most deeply felt and moving. The harvest of a quarter century of enunciation and performance, it actively pursues "a distracted theory ... of the double bind" (ix).

Spivak claims she has found the solution to double-binds in the *suggestion* that "the humanities can somehow learn to resolve double binds by playing them" (ibid).

In the very middle of the book, at its heart as it were, is this essay, "Translating into English." And the last third of this essay grapples with Spivak's "particular ambivalence"—or should I say double bind?—in "playing" an extraordinary collection of poems.

This is the volume that poses a special challenge to her. Why that should be the case when she has, with easy expertise, casual, sometimes caustic, competence, disposed of several better known, not to speak of much more difficult, tomes?

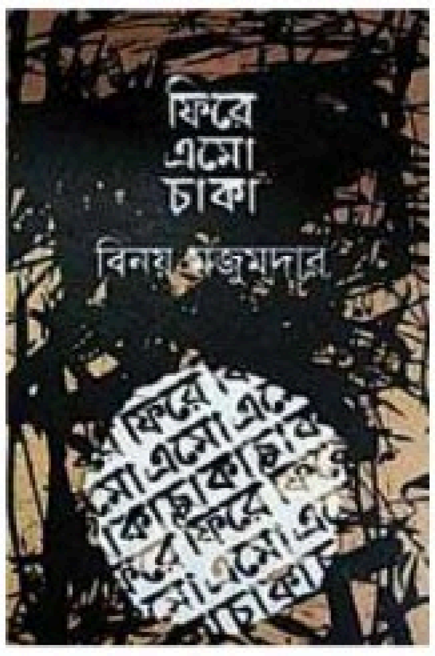
The answer is at once strange and startling. Unlike any other, it is in reading this slim volume of poems that "she makes the mistake of thinking the named subject is she" (273).

The collection in question is by the "mad" poet Benoy Majumdar (1934-2006). It was first published in 1961, the year Gayatri, not yet twenty, left for the United States.

Its original title, which few know, was simply *Gayatrike*—to Gayatri.

The following year, the book was reissued as *Phire Esho Chaka*, known subsequently by this title. Which is why it bears closer attention. Though often translated as "Come Back, O Wheel," Spivak herself leaves out "O," rendering it as the rather unpoetic, "Come Back Wheel."

Spivak, after all, is a terrible translator. Or to put it more politely, she is a much better critic than translator. Even as latter, it is owing to the former's skills that she really makes her singular and stellar contribution.



The cover of the 51-page reprint of *Phire Esho Chaka* by Kobi Prokashoni, Kolkata, in 2011

Phire has the sense of turn, so "turn back," with its sense of both coming and returning, might work better. Indeed, there is a poem in the volume which suggests as much, albeit more in the sense of turning away than turning back.

The poet, hoping against hope, yearns for his Gayatri's return, that he—and the others—are mistaken in believing that she won't.

But the jilted lover is not an entirely deluded poet. As another poem makes it amply clear, he knows she will not come back: I have given up strewing grain on the ground / to have the birds join me at lunch. / Only when the baby is cut adrift / does it have its free hunger and thirst; / like taking off a blindfold to be confronted with / a curtain, being born / into this vast uterus, lined with a sky porous with stars. (Translated by Jyotirmoy Datta.)

Spivak glosses her translation of the title thus: "The Sanskrit *chakra* of the surname means wheel and is transformed into *chaka* in modern Bengali. A cunning translation" (271).

Again, Spivak is only partly right.

"*Chaka*" here serves as a pun, not translation: a double entendre, it refers both to wheel and to Spivak herself. This she neglects to tell.

Why would she, or anyone, link the title to her surname?

Because the book, despite its changed name, is dedicated to Gayatri Chakravorty.

Speaking of herself in the third person, Spivak explains: "Chakravorty did not know the poet, although she had noticed the intensity of his gaze" (271).

Against this, is the testimony of the poet, unreliable though it might be, appearing in a Foreword of a reprint over forty years later: "This book of poems, focused on a girlfriend, and dealing only with a plea for love is indeed a diary... If you think only of me, this poetry is only a plea for love... Yet, because any one part is applicable to many situations connected to love, social theory, politics, science and many other topics, therefore one should be able to find a successful realization of any kind of situation in the lives of any sort of reader, male or female" (271).

Gayatri Chakravorty Spivak

In alluding to Spivak's reading of this collection, it is time to underscore and celebrate how Majumdar's prediction—or wish—has indeed come true.

Benoy has, arguably, at last found a "successful realization" to his fervent wish, denied to him during his lifetime. His lady love has deigned to look, if not at him, at least at his poems. She has even *translated* some of them.

Majumdar's collection, *Phire Esho Chaka*, enjoyed a brief revival, partly as a result of the international fame of she to whom it was dedicated.

No wonder, it was about his putative connection with Spivak that the poet was asked repeatedly. In his slim *Complete Works*, Spivak finds a letter written in 1992, setting the record straight: "Gayatri Chakravorty was a student at Presidency College, and came First Class First in English in her B.A., in 1960 or 1961 A.D. [actually 1959], thinking that she alone would understand my poems the book To Gayatri was addressed to her, and therefore I called the book To Gayatri, and I wrote in the book what I had to say to her." ("Phire Esho Chakar Nam Paribartan Shommondhe," *Kabyoshamogro*, 1 (Kolkata: Pratibhash, 1993): 162, cited in Spivak 561.)

Majumdar seems deliberately to have underlined the relation of the poems to Spivak, first by naming the collection after her, then changing the title to an indirect, but unmistakeable allusion but retaining the dedication to her inside its covers, and, finally, by returning the book to its original title, *Gayatrike*, in his complete works.

Could there be any doubt that the poet, with such unambiguous naming and re-naming, intended his connection with his Gayatri to be unknown or even disguised?

In an earlier interview given in 1986, when asked, "Were you in love with Gayatri?" Benoy replies: "Hey, no—I only knew her for two or three days—she was a famously beautiful student of English literature at Presidency College—then she went off somewhere—to America or someplace, I'm not sure. Then why write poems about her? One must write about someone, after all. Can one write forever about mango trees, jackfruit trees, and tuberoses?" Spivak wonders whether the poet's reference to the "mango trees, jackfruit trees, and tuberoses" requires interpretation, but passes on after hinting that she might attempt one later. To me, the size and progression, from mangoes, jackfruit, to tuberoses, suggests process, ripening, death: the mango is a smaller, breast-shaped fruit; the jackfruit, much larger, suggesting a full womb; tuberoses are often offered at funerals. But perhaps, I am being fanciful here.

As this early photo (Spivak's photo is from https://hungryderphoto.wordpress.com/2017/12/11/binoy-majumdars-muse-gayatri-chakraborty/.) shows, Spivak was "famously beautiful." Despite Benoy's disclaimers, the editor of the reprint, Kanakabati Dutta, cannot help but think that "there is some connection," not only Benoy's erotic one-sided poetic fascination for Gayatri, but also between Benoy's "perceptive glance" and Spivak's "spreading Derrida."

Perhaps out of excessive kindness, not utterly dismissive of this unlikely claim, Spivak politely remarks, "Perhaps there's something there."

Aside from Dutta's wrong dates—Spivak reminds us that she started teaching Derrida, Lacan, and Foucault in the 1960s, not the 1980s (561)—there is no disproof, let alone reproof.

How might Benoy have influenced Gayatri to take up, *take on*, Derrida?

What could the poet's hopeless and obsessive gaze have to do with Spivak's reading, translating, teaching, and generally "spreading" Derrida?

That and whatever else might have been, notwithstanding how preposterous these possibilities, is left to our imagination.

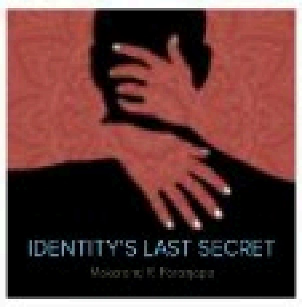
Spivak not only departed from Kolkata for the US in 1961, she never even read Majumdar's poems for decades, "although she knew the fame of the book, and that it was dedicated to her" (271).

Twice in the essay she asserts: "There is no question of response" (271, 272), "other than what you read here," (271).

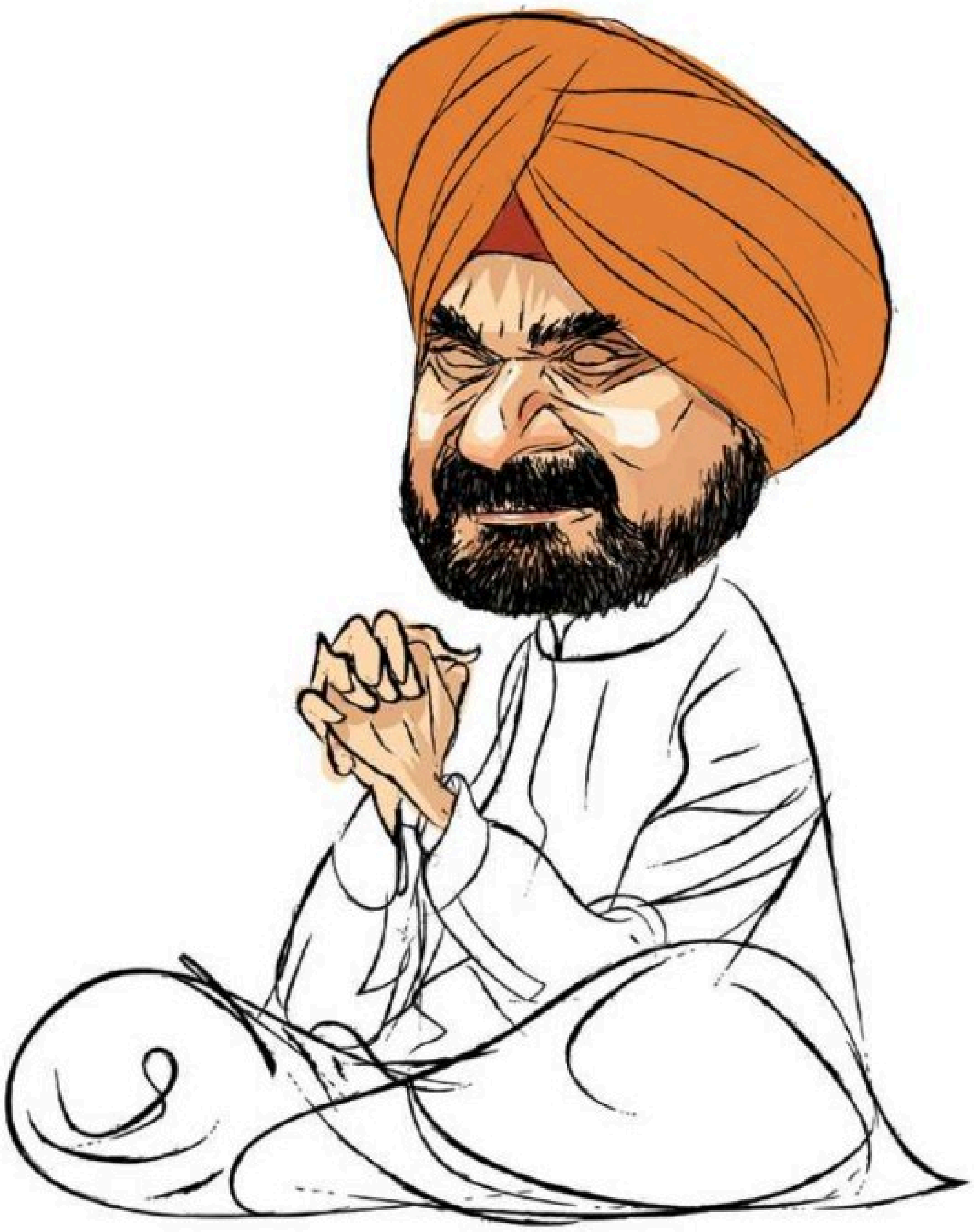
A disclaimer that seems unnecessary in a book published in 2012 when the poet is already dead? But the caution was probably still needed in 2005, when the essay first appeared in print.

Spivak justifies her earlier, decades-long indifference to Benoy's poetic, if not pathetic, fixation: "Many of the poems lament her absence, his loneliness without a response. It is not clear that such lamentations, included in poetry, require "response" in the ordinary way. Must the lost object not remain lost for the poems to retain their exact verbal contour?" (272)

This is the crux, *double bind*, that makes our two texts intertwine. ■



This is an edited excerpt from Makarand R Paranjape's Identity's Last Secret *(BluOne; 156 pages; ₹1,495)*



Biding His TIME

In Punjab, the Congress high command has communicated to Navjot Singh Sidhu that he is not their chief ministerial candidate, and so Charanjit Singh Channi will be the natural choice. But Sidhu remains very active within the party. He is creating a good relationship with all candidates. He expects a hung Assembly and, in such a scenario, to be the compromise candidate. He also has past links with the Aam Aadmi Party. It is too early to count him out.

A Movie Problem

In Maharashtra, Congress has requested Shiv Sena head and Chief Minister Uddhav Thackeray to ban the movie *Why I Killed Gandhi*. The state Congress president, Nana Patole, personally met Thackeray and said this was also the stand of the All India Cine Workers Association. The organisation had sent a letter to Prime Minister Narendra Modi saying that Mahatma Gandhi's killer should not be glorified as they allege the movie will do. The main actor in the movie turned out to be a Member of Parliament (MP) from the Nationalist Congress Party (NCP), an ally of Congress in Maharashtra. This movie might even create discord within the ruling alliance.

As Per Value

IN BIHAR, RASHTRIYA Janata Dal (RJD) leader Tejashwi Yadav has always believed that if it hadn't given so many seats to Congress in the last Assembly election, his party would have formed the government. Now, the Legislative Council elections are slated for 24 seats, and RJD is only offering two seats to Congress. How the relationship between the two parties will unfold will be seen in the coming days.

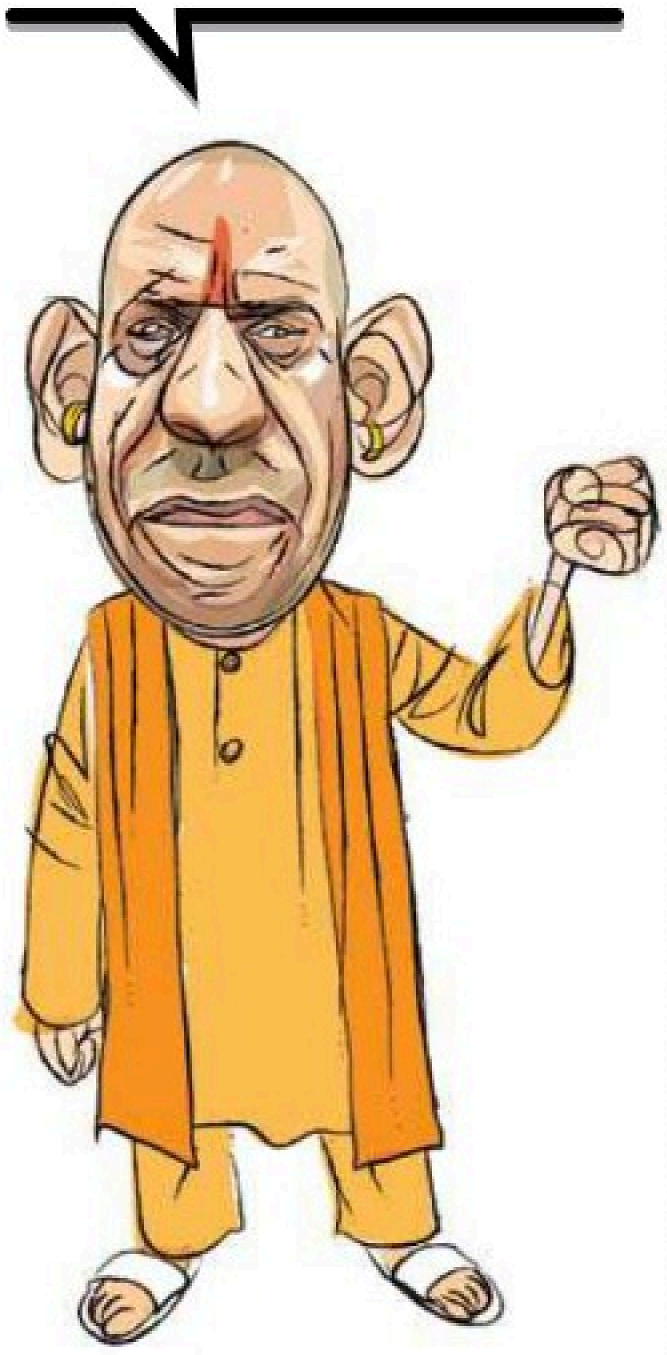
Open Season

IN UTTARAKHAND, THE Congress president joined BJP while in Maharashtra, a Congress Member of Legislative Council joined NCP. Congress MPs in Punjab have rebelled, and a senior Congress leader in Karnataka has quit the party. In West Bengal, it is BJP which is facing this situation. Some believe that there are still a lot of defections possible from it.

Illustrations by **SAURABH SINGH**

FROM OUR CASTE

The caste of Rama and Hanuman have become a factor in the Uttar Pradesh elections. All political parties are saying that they are closer to the castes of the two deities. Chief Minister Yogi Adityanath, who leads the Bharatiya Janata Party's (BJP) campaign, is a Thakur from the Kshatriya caste. His followers say that Rama is a Kshatriya. The main opposition Samajwadi Party points out that in the 2018 Rajasthan election campaign, Adityanath had said that they were all "*Hanuman ki jaati*" and that Hanuman was a Dalit because he lived in the forests. A month ago, Samajwadi leader Akhilesh Yadav had taken out a rally in which Hanuman's photo was prominently displayed. Gond leader Ramashankar Vidyarthi is claiming that the birthplace of Hanuman is in their community's region, and so he is actually from their caste. BJP leader Lakshmi Narayan says Hanuman is from the Jat community.



POLITICAL DIPLOMACY

BETWEEN RAJASTHAN Chief Minister Ashok Gehlot and Assembly Speaker CP Joshi, there has been a complicated relationship for a long time. Both are old Congress hands but have had differences of opinion on several issues. Joshi became a Central minister and state party president but never realised his ambition of becoming chief minister. The new chief secretary appointed by Gehlot is Usha Sharma who is a close relative of Joshi. But he is said to have not interfered in the process or suggested her name. People are wondering whether Gehlot chose her because of political diplomacy.

Only Following Precedent

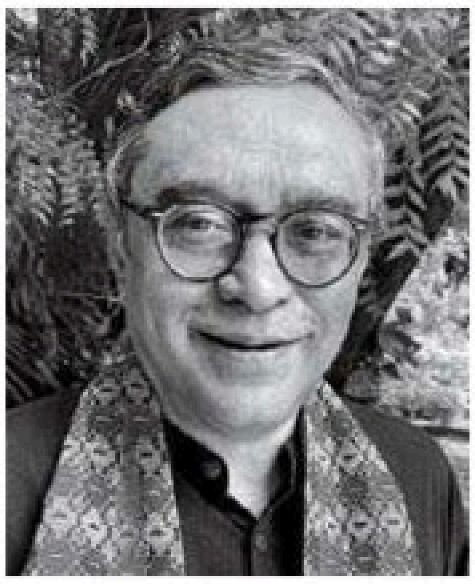
AT A FESTIVAL, Thiruvathirakali (a traditional dance form of Kerala) was organised by the ruling Communist Party of India-Marxist (CPM) in different districts. What has come in for controversy are the posters and banners of Chief Minister Pinarayi Vijayan that were also there, talking about things being done for the poor. Within CPM, this is rankling because traditionally they have been against personality cults. Vijayan's supporters, however, say that even earlier when the party was in power, then-Chief Minister VS Achuthanandan used to do the same thing. Ironically, at the time, Vijayan used to criticise him for it.

POOR BARGAIN

Former Punjab Chief Minister Amarinder Singh, who formed his own party after leaving Congress, has allied with BJP but he is not very happy with the seat-sharing. BJP got 65 seats, leaving only 37 to him. They could get their chief minister, which rules out Singh returning to the post. But he doesn't have any choice.

STRICTLY NO MEETINGS

THE SAARC SUMMIT was to be held in Pakistan but because of Covid, it was to be done virtually. But India didn't change its position on not attending. Recently, Pakistan's first-ever National Security Policy had a sentence on peaceful ties with India. But India's position is that Pakistan should stop sponsoring cross-border terrorism before meetings are possible. According to SAARC protocol, if one country is not ready to join, then the summit cannot take place. So this year, too, there will be no SAARC.



By SWAPAN DASGUPTA

THE END OF UNPREDICTABILITY

A breakout Budget reveals the prime minister's political confidence

OPENOMICS 2022

THOSE WITH A passion for political trivia may be aware of the curious circumstances in which Hugh Dalton, Chancellor of the Exchequer in the post-war government of Clement Atlee, was compelled to resign a day after presenting his budget in November 1947. On his way to the Parliament chamber, the garrulous Dalton was accosted by a familiar journalist from the *Star* (a now defunct evening paper). Patting him on the back, the chancellor whispered: "No more on tobacco; a penny on beer; something on dogs and pools but not on horses; increase in purchase tax, but only on articles now taxable; profits tax doubled."

There was a generous time lag between the time Dalton entered the chamber of the House of Commons and the presentation of the budget. The *Star*'s sensational scoop, containing price-sensitive information, hit the stands a full 20 minutes before Dalton began his budget speech. The next day, a red-faced Dalton offered his resignation.

At that time, the interest centred on the pitfalls of politicians talking too freely to the media. Atlee, a man who never interacted with the press, was quite aghast. "Talk to the press," he is reported to have remarked, "Why on Earth did he want to talk to the press?"

Atlee's bewilderment may not have been entirely unwarranted. The practice of sensitising the media before the actual presentation of the budget led to another British embarrassment in 2013 when the image of the budget synopsis was tweeted by a journalist. There have been no such known cases in India, but it is interesting that the custom of briefing a handful of journalists about the Budget contents (and then confining them to a room till the finance minister finished his speech) was abruptly terminated some two decades or so ago. It is said that a Mumbai-based private banker had boasted about being specially alerted about the Budget provisions.

The issue is more than just a prying media. The Dalton incident clearly revealed why the annual budget evoked a particular type of interest, not all that long ago. People in India will recall the grim tension in households and businesses over a forthcoming Budget. The week before the event would see many fast-selling items—most notably cigarettes—disappear from the shelves, with traders hoarding items in anticipation of a price rise which could allow them to pocket the difference between the pre- and post-Budget prices. Many of us can recall rushing to the petrol pumps and filling the tank, if only to avert having to pay a higher price for a few days. Budgets were indeed a time of tension, anxiety and wild speculation, with tipsters having a field day.

There was no such flurried excitement in the days preceding Finance Minister Nirmala Sitharaman's Budget speech on February 1st. True, the stock markets were overactive, depending on punters' understanding of the announcements. However, the average Man from Matunga didn't anticipate his life changing dramatically after the Budget speech concluded. I recall an opposition protest rally in

Illustration by **SAURABH SINGH**

THIS BUDGET EMPHATICALLY PLACED THE MODI GOVERNMENT IN THE FOREFRONT OF INDIA'S RAPID MODERNISATION AND CAPACITY-BUILDING PROGRAMMES. THE INCREASE IN CAPITAL EXPENDITURE IS KEYNESIAN, SUGGESTING THAT THE GOVERNMENT HASN'T GOT ANY AVERSION TO BIG GOVERNMENT. ATMANIRBHAR BHARAT IS SIGNIFICANTLY DIFFERENT FROM BOTH GANDHI'S SELF-SUFFICIENT VILLAGE COMMUNITIES AND THE PROTECTIONIST REGIME THAT PREVAILED UNTIL THE 1990S

the early-1970s chanting the slogan lamenting "*mehenga saboon, mehenga tel* (dearer soap and dearer cooking oil)".

It is unlikely that we will witness such a spectacle now. Nor for that matter are we likely to witness a full Brabourne Stadium in Bombay or, for that matter, the Netaji Indoor Stadium in Calcutta, patiently hearing Nani Palkhivala hold forth in English on how the Budget had yet again assaulted India's well-being. These days, the excitement over the Budget barely lasts beyond two days—unless, of course, the finance minister proposed something quite outrageous.

The sheer unpredictability surrounding the Union Budget has yielded way to routine.

There are two reasons for this shift. First, for the past five years, the important revenue proposals—barring direct taxes—are no longer announced in the Union Budget. Since the Goods and Services Tax (GST) led to a pooling of sovereignty between the Centre and the states, shifts in most indirect taxes are determined outside the Budget by the GST Council comprising representatives of the Centre and all the states. This has meant that the flights of whimsy that accompanied some new taxes in the Budget—recall the punitive taxes on so-called luxury goods imposed by Charan Singh in the 1970s—have become history.

An economic regime based on greater predictability has even extended into the realms of direct taxes. In the 1970s, when Indira Gandhi came under the sway of the entitled Left of Lutyens' Delhi, it had become fashionable to use every Budget to squeeze the better-off sections a little more each year. It became so utterly ridiculous that personal income tax rates for the topmost bracket touched as high as 93 per cent and created the conditions for the expansion of the parallel economy. However, at least since Rajiv Gandhi became prime minister and particularly after PV Narasimha Rao began dismantling the over-regulated economy, the trend is for direct taxes to be kept internationally competitive and focus on expanding the tax net through a mixture of carrot and stick. Consequently, the fear among the urban middle classes has given way to expectation that each year will witness some additional tax concession.

> **THE UNDERSTANDING IS THAT THE CREATION OF THESE TANGIBLE ASSETS PLUS A MARKED IMPROVEMENT IN THE QUALITY OF LIFE WILL UNLEASH THE PRODUCTIVE ENERGIES OF PEOPLE AND LEAD THEM TO AVAIL OF THE OPPORTUNITIES CREATED BY THE LARGER MODERNISATION PROGRAMME**

Secondly, unlike the socialist era when the public sector occupied the 'commanding heights' of the economy and the state was the dominant player in the national economy, post-liberalisation India has seen a transformation. However, contrary to the claim by pamphleteers of the Left that India has been experiencing a long Thatcher season, the dilution of the public sector has not been accompanied by a truncation of the role of the Government. What has happened is the expansion of welfare schemes funded by the proceeds of a growing GDP and more targeted government intervention in the creation and upgrade of infrastructure. Like today, the announcement of increased allocation to good works was earlier greeted by the thumping of desks on the treasury benches of Lok Sabha. The difference now is that the demand for money is also preceded by an account of what the major programmes have achieved and what is hoped to be achieved in the future. This accountability was lacking in the past and is a welcome addition to the Indian political landscape.

Nirmala Sitharaman's third Budget speech was a departure in many ways. First, there was a visible absence of froth and the contrived use of poetry or passages gleamed from a handy Book of Quotations. Apart from a casual reference to a Mahabharata homily, her speech was amazingly businesslike, modest in length and remarkably shorn of fluff. She avoided being overwhelmed by details and reading the Budget speech like a *dhobi*-list of proposals that would please everyone from Dindigul to Danapur. The details of proposed new railway routes were, for example, not elaborated and the focus was on the big picture.

It is this shift that, to my mind, constitutes the most significant departure of this Budget from previous years. What was consistently emphasised was that India is on the cusp of a major economic breakout and that India seeks rapid modernisation that involves investments in areas as diverse as 5-G and drones.

In the past, the Narendra Modi Government was often a shade tentative in demolishing the holy cows of the Congress era. The opening up of the defence sector to the private sector, first made in 2014, was amid ideological resistance, not least from within the Bharatiya Janata Party's (BJP) own *parivar*. Now, the involvement of the private sector in the defence R&D programmes appears almost seamless. Likewise, what attracted attention was the 30 per cent capital gains tax on crypto assets. But what didn't provoke the usual outrage was the fact that these have now been accepted as facets of India's move to embrace a new world of, albeit high-risk, financial assets. This Budget emphatically placed the Modi Government in the forefront of India's rapid modernisation and capacity-building programmes. The steep increase in the Government's capital expenditure is characteristically Keynesian, suggesting that the Government hasn't got any aversion to big government, as critics of India's neoliberal economy are often inclined to believe. Atmanirbhar Bharat is significantly different from both Gandhi's self-sufficient village communities and the protectionist regime that prevailed until the 1990s.

PREDICTABLY, THE POPULISTS have been critical of the Budget for not focusing on anti-poverty programmes, particularly in the aftermath of a disruptive Covid-19 pandemic. The critics are right insofar as the rash of announcements of doles, handouts and subsidies has been avoided. Instead, the approach appears to be on the creation of an enabling environment. Like the toilet-building programme of the Swachh Bharat Mission, the Modi Government is investing big time in three all-India schemes: drinking water to rural households, *pukka* houses for the underprivileged and the building or upgrade of rural roads. The understanding is that the creation of these tangible assets plus a marked improvement in the quality of life will unleash and supplement the productive energies of people and lead them to avail of the opportunities created by the larger modernisation programme.

The Modi Government has availed of the 75th anniversary of Indian independence to go well beyond the usual celebratory programmes. The prime minister has used the occasion to break free politically from the shackles of the past and move to a new economic trajectory. In time to come, historians may well come to see the 2022 Union Budget as the inauguration of a new chapter by a politically confident prime minister. ■

Swapan Dasgupta is an MP and India's foremost conservative columnist. He is the author of Awakening Bharat Mata: The Political Beliefs of the Indian Right

MONTHLY PREDICTION

February 2022

By **Dr. Sohini Sastri**
National Award Winning Astrologer
www.sohinisastri.com

Aries (Mar 21 - Apr 19): This month, you should focus more on your health. Yes, you read that correctly. When you're dealing with a health problem, recuperation can take a long time. So, keep away from any such traps if you want to stay as healthy as possible. We recommend that you make a big change in your lifestyle, or you will continue to use drugs.

Taurus (Apr 20 - May 20): Money is an important component of life, and this month you are likely to make some. The flow of money may increase during this period as the number of sources of income expands. People who have made investments in real estate or commodities are more likely to profit from trading operations, which will strengthen your financial position even more. Hurray! It's time to let your hair down and enjoy yourself. However, it is not advisable to lend money this month because it may not be repaid fast. As a result, Taurus should exercise extreme prudence in 2022.

Gemini (May 21 - Jun 20): Try not to be overconfident with your achievements; instead, be more humble. Since your achievements are growing, there may be a lot of eyes set on you. You may start living life out of dreams, so you want to set a great example of being humble and down-to-earth even after having achieved tons. So try to be kind, grounded, and approachable as people around you may need your help in achieving their goals. Try to take them under your wing and assist them thoroughly.

Cancer (Jun 21 - Jul 23): It is recommended that all Cancer locals develop little goals and work toward them. It is stated that the key to huge success is to think small. Setting mini goals allows you to see both the long and near term. It assists you in properly organising your time and resources. Even better, setting mini goals allows you to achieve them more rapidly, boosting your confidence and allowing you to advance more swiftly.

Leo (Jul 24 - Aug 22): Leos are known to be all out and out when it comes to expenditure. They love a good luxurious life, and they love spending on items that they love. However, the good thing about the Lion is that they maintain the balance even when they spend. They think before they pay. They are mindful of their expenses as well as their splurges. They do not spend rashly, and this makes you unique over your peers.

Virgo (Aug 23 - Sep 22): As a result, seek financial guidance from a professional. Make a financial strategy that is appropriate for you. Follow the financial plan and make sure you keep track of your expenses since things may get easier. To minimise financial difficulties, you should keep track of your expenses and stick to your budget. You can profit this month by working hard, being determined, and exercising some spending restrictions.

Libra (Sep 23 - Oct 22): You may have been uncomfortable and shy in public or may even have experienced social anxiety. This month, you may become aware of anxiety and may even counter it back.You may find the courage to deal with your anxiety. You may look at different ways how you could calm down the stress. You must tell your brain you are the one who manages it and not the other way round.

Scorpio (Oct 23 - Nov 22): It's best not to overestimate your talents because it could lead to mistakes. Without a doubt, time is valuable, but only if you use it to carry out good deeds in your life. So, before talking about your capacity to explore, keep cool and quiet and give a nice thought, because there's a risk, you'll make a mistake. The key to your success is admitting when you're wrong, and learning from your mistakes.

Sagittarius (Nov 23 - Dec 21): You may become witty, generous, endearing, charming, and making you always playful and intensely alive. This may be your vibe for the month 2022. Since you may be all fun this month, everybody may love being around you and feel like being in your company. And without a doubt, most of you may possess an irresistible sense of humour and immense charm.

Capricorn (Dec 22 - Jan 19): You may realise that others value and care for you more. So go ahead and make the proposal; you're already late. As a friend, you are both loyal and loving, but the fear of being deceived may overcome you. You'd be one of the lucky couples that found love through friendship. You can be proud of the fact that you both know one other as friends and that you have nothing to hide from each other.

Aquarius (Jan 20 - Feb 18): You would like to change your job because the present position may not be very satisfying. But, unfortunately, the right astrological moment has not yet arrived. So, it would help if you kept your cool. If the package is an issue with your current job, we advise you to take up freelancing work and earn extra money. If you're seeking a job due to discontent with your boss's current position or issues, stay away from work conflicts. Instead, maintain a good relationship with your bosses, including your managers, co-workers and juniors.

Pisces (Feb 19 - Mar 20): When it comes to your place with the people around you, you've been trekking down memory lane and down the route of honesty. Belonging has always been a sensitive topic. Friendships and platonic relationships, on the other hand, contain such special importance for you, and it's a shame that the world priorities romantic relationships. Take a break from externalising and focus on yourself. When you remove all of the unnecessary movement and commotion, the answers you're looking for can sometimes become clearer.

ASTROLOGY
ASTROLOGY

OPENOMICS 2022

UNION BUDGET

FUTURE SMART

Budget 2022 is the first building block in a twenty-five-year plan for an unprecedented makeover of India

By HASEEB DRABU AND ANIL PADMANABHAN

Illustrations by **SAURABH SINGH**

In the run-up to this year's Union Budget, the popular expectation was that politics would dictate economics, given that the first round of voting in the first round of the key elections to the Uttar Pradesh (UP) Assembly was less than a fortnight away. To the contrary, Finance Minister Nirmala Sitharaman passed up on what was otherwise a perfect opportunity and instead presented a Budget sans any freebies and grandstanding. One which, if anything, reflected her imprimatur: dutiful, diligent and dependable.

This was not the only surprise. The finance minister's speech was over in 90 minutes—the shortest in recent memory. Even better, the opposition passed up the opportunity of a high profile, most watched event like the Union Budget, and listened without their customary disruptions.

In her post-Budget interview with *Doordarshan*, Sitharaman shared the secret as it were. Prime Minister Narendra Modi had a simple advisory for his finance minister: the Budget should say what it has. "And that is what we followed," Sitharaman added.

The realistic budgetary numbers, be it the revenue figures or fiscal deficit or borrowings, bear this out. There is greater transparency, which restores the sanctity of the Budget.

The Budget may seem to lack the glamour of big-bang reforms, but the plethora of no frills and fancy initiatives has a lot of punch and potential. It is a continuation of last year's "once in a hundred years budget", seeking to consolidate the gains from it for India@100.

Clearly, the National Democratic Alliance (NDA) in its 10th Budget has acquired a quiet confidence in its own abilities. One which could afford to spurn the need for validation. Instead, it believes that the facts will speak for themselves. Unlike the mantra in Indian politics where it has rarely been about what you are doing; instead, it is about what you are seen to be doing.

In a dialogue, often the unsaid is important. In this instance, the latter is turning out to be more important. NDA has quietly signalled that this year's Budget is the first building block in a 25-year plan for an unprecedented makeover of India. Something that will enable the country to legitimately own its place at the global high table, grabbing the opportunity provided by the disruption in the global world order with the simultaneous play of a China-US-led West rivalry on the one hand and a once-in-a-century pandemic which refuses to fade way.

This New India is to be built over the next 25 years on the foundation of inclusivity guaranteed by the newly laid digital rails—lending voice to the idea of a stakeholder economy.

Elaborating her case, Sitharaman said, "This Budget seeks to lay the foundation and give a blueprint to steer the economy over the *Amrit Kaal* of the next 25 years—from India at 75 to India at 100."

At its very core, in terms of substance, it is the traditional Budget which had gone out of fashion: expansionary in action and redistributive in purpose. This year's Budget is also signalling that after two years of repair and mitigation to offset the pandemic fallout, India is finally transitioning to recovery.

THE GROWTH MANTRA

In line with the emerging policy consensus across the globe, in this Budget public investment is intended to be the driver, catalysing private corporate investment in the core sectors with the hope that the two in tandem will be enough to stimulate consumption demand and generate an adequate number of jobs.

With a 35 per cent hike in its own capital outlay, along with grants-in-aid and interest-free financing of capital projects to state governments, it is as big a capital spend package as there can be. The capital expenditure to GDP ratio, which not so long ago was 2.5 per cent, has been budgeted at 4.1 per cent.

Given the existing incremental capital output ratios, this level of public expenditure, especially on the capital expenditure side, should generate a GDP growth of 13 per cent-plus. Yet, perhaps accounting for the global headwinds, a strong commodity price cycle, the hardening bond yields, rising interest rates and the real possibility of imported inflation, the growth rate has been pegged pragmatically at 11 per cent. Another way would be to see the "output gap" as a buffer to dampen the inflationary pressures.

Even so, purists may see the fiscal stance of the Budget as excessively expansionary; but it is not an irresponsible one. In fact, it is a responsible Budget in so far as the economy is concerned. It must also be factored in that the finance minister has been emboldened to spend more by the trends in revenue collections. Buoyed by the Goods and Services Tax (GST) collections, the finance minister is betting on growth to finance her spending and balance the Budget.

PUBLIC INVESTMENT IS INTENDED TO BE THE DRIVER, CATALYSING PRIVATE CORPORATE INVESTMENT IN THE CORE SECTORS WITH THE HOPE THAT THE TWO IN TANDEM WILL STIMULATE CONSUMPTION DEMAND AND GENERATE JOBS

And as the *Economic Survey* for 2021-22, released a day earlier, pointed out, Sitharaman has not hesitated in recalibrating the fiscal priorities in response to the challenges. Implicitly, NDA has demonstrated what the *Survey* characterised as the "agile approach" as opposed to sticking to past precedent and practice. In short, a flexible strategy to deal with a situation like the Covid pandemic wherein mitigation efforts by public policy are like hitting a moving target—one of trial and error.

"The Agile framework is particularly relevant today because of the explosion of real-time data that allows for constant monitoring. Such information includes GST collections, digital payments, satellite photographs, electricity production, cargo movements, internal/external trade, infrastructure roll-out, delivery of various schemes, mobility indicators, to name just a few. Some of them are available from public platforms but many innovative forms of data are now being generated by the private sector. Short-term policy responses, therefore, can be tailored to an evolving situation rather than what a model may have predicted," the *Survey* argued.

Having done her bit by taking a decisively expansionary fiscal stance, for the finance minister's plans to fructify on the ground, corresponding action on two fronts will be required: monetary policy of the Reserve Bank of India (RBI) and investment plans of India Inc.

By continuing the fiscal stimulus, the Government has done the right thing. In fact, the stimulus package has been tweaked a bit. There is a slight but significant difference; in the first two Budgets, the structure of fiscal stimulus was current expenditure-based. Largely relief and rehabilitation transfer payments geared towards creating consumption demand.

This time round, the stimulus is in the form of capital expenditure. This is an important nuance that the finance minister has brought into the stimulus package.

Being an investment-based stimulus, it will generate in the first round demand for basic, capital and intermediate goods which will in turn engender consumption demand which is not only low but also slack at the moment.

This strategy stands to reason. Having stabilised the consumption demand in the short run and continuing to do so, albeit at a lower level, it makes sense to look for generating sustainable consumption demand in the near future or medium term. Hence the emphasis on public investment.

This underlying macroeconomics of the Budget will hinge on three important players: the central bank, commercial banks and corporate India. In other words, what New Delhi has proposed, Mumbai will dispose!

First, RBI. In an overall environment of inflation, in particular global trends, and a hardening interest rate regime indicated by the bond market, will RBI risk having an accommodative, if not expansionary, monetary policy aligned to the fiscal policy in the Budget? It will be a tough call to take.

So too will be ensuring that the Government's large borrowing programme does not crowd out private investment in the short run.

Indeed, the growth arithmetic of the Budget is predicated on the assumption of a crowding in of private investment in the medium term. But for that to fructify, managing the short-term crowding out from the financing side will need to be navigated with care and diligence.

Although it would be surprising if RBI did not support the Government's policy, how it will do so will be critical. Announcing such a massive borrowing programme could have been done only after taking on board the Mint Street decision-makers. As such, how well the Budget pans out can be concluded only after RBI plays its hand.

Second, depending on what RBI does and how, the commercial banks will work out their credit policies. If the credit lines to the corporate sector are reopened, only then is the game of growth afoot.

Over the last three years, the corporate sector, for a variety of reasons, has deleveraged significantly. So there is not just headroom but a noticeable shortage in the supply of credit to the commercial sector, in particular the corporates.

Third, if this constraint is eased, the corporate sector is rearing to play ball and kick off its investment cycle. India Inc will first supplement and then substitute public investment over the next three years.

As a matter of fact, the biggest threat that can waylay the Budget is the credit deficit and not the fiscal deficit. Not enough recognition is nowadays being given to the quality of the fiscal balance sheet of the Union Government. Two years ago, in 2020-21, the revenue deficit was well over 7 per cent. This year, it is at sub-4 per cent levels. Effectively, the revenue deficit is about 2.6 per cent. The primary deficit reduction is equally sharp.

The only jarring figure is the composition of the erstwhile non-Plan revenue expenditure; interest payment alone accounts for 42 per cent of the revenue receipts. With the borrowing programme being what it is, interest payments will only increase further.

WITH INTEREST RATES LOW, AMPLE LIQUIDITY AND A PIPELINE OF DEMAND FROM INFRA PROJECTS, INDIA IS LOOKING TO STOKE AN INVESTMENT CYCLE WITH THE PRIVATE SECTOR PROVIDING FRESH ENERGY TO PPP

PPP 2.0

The strategy underlying the growth projections of the Budget is premised on a ramping up of capital investment in the economy. The logic is very simple: capital expenditure, as estimated by a recent report published by RBI, has a multiplier ratio of 3.25—that is, every investment of ₹1 results in creating thrice the amount in economic demand. And in this, the biggest absorber of capital investment is infrastructure.

Essentially, the strategy seeks to kill two birds with one stone. On the one hand, a ramping up of capital expenditure means accelerating economic growth. And on the other, it also means a rapid replacement and supplementing of India's sell-past-the-date infrastructure—which has the additional benefit of solving supply-side bottlenecks, the key reason driving the current round of inflation.

The strategy, as laid down in the Budget, is for the Union Government to play the lead for now—especially given the unique circumstances created by the scarring of the economy in the aftermath of the Covid-19 pandemic, which had dodgy origins in Wuhan, China. The expectation is that India Inc would take the cue to exploit the commercial opportunity. With interest rates low, ample liquidity and a guaranteed pipeline of demand from a range of infrastructure projects, India is looking at a perfect storm for stoking an investment cycle with the private sector as a key partner—providing fresh energy and substance to the idea of PPP or the Public-Private-Partnership model.

"Relying on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment," Sitharaman explained in her Budget speech.

Explaining the potential of this strategy, the finance minister pointed out that the applications received for availing the Productivity Linked Incentive (PLI) scheme made available for 14 sectors had the potential to create 60 lakh new jobs, and an additional production of ₹30 lakh crore during next five years.

The problem as some analysts point out is that the bind is no longer about adequate funding for such long-gestation, big-ticket projects—which require lenders like pension funds with both deep pockets and an appetite for risk. Instead, it is one of having shovel-ready projects.

In a recent interview telecast on *BloombergQuint*, Vinayak Chatterjee, chairman of the Confederation of Indian Industry's (CII) committee on infrastructure, said that indeed, while funding was no longer the constraint, the challenge was to ensure a steady pipeline of infra projects with all the clearances in place to absorb the funding.

"The conversation is soon going to shift to project pipeline, availability of shovel-ready projects and some very strong stimulus to create tomorrow's projects. I see that as a potential bottleneck in the future as opposed to finance being the bottleneck," Chatterjee said.

The finance minister, however, is confident that this won't be a challenge. In the post-Budget interview with *Doordarshan* she dismissed it by saying, "I don't think so," and then added, "After the introduction of the National Infrastructure Pipeline (NIP), which was in end-2019 and early-2020, we have been adding a lot of projects to that list. Many states have come with well-designed projects which are going to move forward. Over and above this, there is also a keenness among states to compete for renewable energy-related projects. There are many states coming up with very doable projects."

The Union Government had launched NIP in 2019 with an investment agenda of $1.5 trillion spread over six years. The initial list included 6,835 projects, which has since been expanded to over 9,000 projects covering 34 infrastructure sub-sectors. The sector-wise break-up and their share in total infrastructure projects is: energy (24 per cent), roads (19 per cent), urban (16 per cent) and railways (13 per cent).

THE PANDEMIC POSED A DAMPENER THAT THE BUDGET SEEKS TO REVERSE UNDER THE PM GATI SHAKTI PLAN TO CONNECT INDIA THROUGH ROADS, RAIL, AIR, PORTS, MASS TRANSPORT, WATERWAYS, AND A NEW LOGISTICS BACKBONE

CONNECTING INDIA

Ever since NDA took office for a second stint, it has pursued connectivity infrastructure on mission mode. This was particularly with respect to building out the road network under the leadership of Road Transport Minister Nitin Gadkari.

Few would be aware that the road network in India of 63.71 lakh kilometres, made up of national and state highways and district, rural and urban roads, ranks a close second to the US. Under NDA, road-building per day accelerated from around 12 km in 2013-14 to 28 km in 2019-20. More recently, this pace accelerated to 36 km a day in 2020-21—it is like a road network connecting Delhi-Agra every week—after the Union Government stepped up funding.

The onset of the pandemic posed a dampener however, something the Budget seeks to reverse under the ambitious PM Gati Shakti plan to connect India—through roads, rail, air, ports, mass transport, waterways, and a new logistics backbone.

"All seven engines will pull forward the economy in unison. These engines are supported by the complementary roles of energy transmission, IT communication, bulk water and sewerage, and social infrastructure. Finally, the approach is powered by clean energy and *sabka prayas*—the efforts of the Central Government, the state governments, and the private sector together—leading to huge job and entrepreneurial opportunities for all, especially the youth," Sitharaman said in her Budget speech.

It will incorporate the infrastructure being developed by states and the projects commissioned under NIP to eventually create a seamless multimodal connectivity to improve the efficiency of logistics in the country.

"The touchstone of the Master Plan will be world-class modern infrastructure and logistics synergy among different modes of movement—both of people and goods—and location of projects. This will help raise productivity and accelerate economic growth and development," Sitharaman added.

This will complement the various strategies already under implementation in various sectors. For instance, the National Rail Plan envisages a capacity expansion of the railway network by 2030—to accommodate traffic up to 2050. Consequently, the freight carrying capacity of the railways will grow from the present level of 4,700 metric tonnes (mt) to 8,200 mt by 2030. This is expected to improve the ability of the railways to enhance their share of total freight traffic to 40-45 per cent from the current level of 26-27 per cent.

In the instance of aviation, plans are already afoot to ramp up and modernise the network in the country, especially with domestic traffic more than doubling from 61 million in 2013-14 to 137 million in 2019-20. Emboldened by its experience with airports in the major metros of Delhi, Mumbai, Hyderabad and Bengaluru, the Government is actively pursuing privatisation of airports. Under the National Monetization Pipeline (NMP)—designed to generate funds for new infrastructure—25 airports, including Bhubaneshwar, Varanasi, Amritsar, Trichy, Indore, Raipur, Calicut, Coimbatore, Nagpur, Patna and Chennai, have been shortlisted for privatisation in the next three years.

The Maritime India Vision 2030 (MIV 2030), a blueprint to coordinate and accelerate growth of the country's maritime sector, is already operational. It seeks to modernise existing infrastructure and develop world-class mega ports and trans-shipment hubs. The investment envisaged under MIV adds up to over ₹1 lakh crore—generating 1 lakh jobs and cost savings estimated at ₹7,000 crore per annum.

EMPOWERMENT VS ENTITLEMENT

The finance minister is more than conscious that while there is a recovery on the output side, there has been no similar rebound as far as employment growth is concerned. No wonder, an employment generation number of six lakh has been committed to in the Union Budget. It is perhaps for the first time that there is a Budget estimate for employment in the Union Budget.

Even though Budgets can't directly create employment, what the finance minister is seeking to do is not just bet on growth to deliver jobs but create conditions for employment generation. More importantly, it is being ensured through the structure of the public investment programme—high material and labour intensive—that employment-intensive growth gets engendered.

Much of the employment issue has arisen from and is concentrated in the informal sector which shrunk over the last five years. Indeed, the formalisation of the economy catalysed by the introduction of the GST regime resulted in a transitional disruption of the large informal sector. The change in the indirect tax regime put pressure on the informal sector as the supply networks got disrupted, making it unattractive for companies to source from the informal sector.

This transitional and expected imbalance had barely settled when the pandemic hit the globe. And the informal sector bore the brunt of the job loss and output decline in the post-Covid restrictions that have continued since.

With the GST regime now stabilising and the options like the reverse charge mechanism getting into the system, the revival in employment in the "modern" informal sector, like the ancillary segment, will get a structural push. While the traditional informal sector will get a big fillip through the investment programme in the construction sector.

This approach aligns with NDA's ideological stance preferring empowerment to entitlement—teaching people how to fish rather than handing it to them. Over the last seven years, this strategy has worked to first address the legacy of deficits it inherited—wherein large tracts of the population were without basic material needs like drinking water, electricity and housing. Yes, while they were not officially poor—the last head count pegs them at 22 per cent, which is nearly the size of the entire population of the US—they are barely in a position to exploit the benefits of growth, let alone access the formal economy.

NITI Aayog, which recently released its numbers on poverty estimated using a multi-dimensional approach, revealed that large segments of the populace are continuing to struggle at or below subsistence levels—the key reasons for migration of labour from these states.

The stickiness of the staggering levels of poverty is disconcerting. In Bihar, for example, the latest data released by NITI Aayog pegs the percentage of poor in the state at 51.91 per cent—in other words, one in two people in the state are poor.

The onset of the pandemic only made a bad

BEYOND THE

INTENT

- With Finance Minister Nirmala Sitharaman presenting the 10th Budget (including the two vote-on-account) of NDA 2.0, it is possible to discern the underlying macro policy intent of the Modi Government. Within the context of all the mega initiatives like demonetisation and changeover to the GST regime, instrumentalities of the Budget have been used to drive the formalisation of the country's economy. This distinctive push towards formalisation is comparable in its transformative impact to the liberalisation of the 1990s and globalisation in this millennium

- Indeed, reflecting the imprimatur of Prime Minister Narendra Modi, the NDA Budgets have facilitated transitioning workers and transforming economic units—including enterprises, entrepreneurs and households—to the formal economy. This has been done by gradually changing the practice, processes and, most importantly, the priorities in the Budgets

- While each individual Budget in the last eight years has put in place building blocks, collectively these have sought to evolve a new architecture for public expenditure policy and management. The 228 per cent hike in the grants-in-aid to Panchayats in the Budget of 2015 was, for instance, the biggest democratisation of public spending

- The formalisation of the Indian economy, where 88.1 per cent of employment continues in the informal sector, is one legacy deficit that has so far eluded resolution under NDA. For, it is the high incidence of informality that has been a major challenge for the realisation of work for all, redressing income equalities, and making sustainable development inclusive. The import and impact of this change is not yet fully evident because the pandemic has resulted in informalisation of the formal economy jobs

- This formalisation is bringing benefits not only to both formal and informal employees but also to entrepreneurs, their institutions and the state as a whole. This transition is leading informal workers out of poverty, exclusion and vulnerability. Through formalisation and the connected safety nets in the Budgets, the Union Government has ensured an increase in the workers' job security and income stability. Formalisation, going by recent evidence, is now beginning to benefit informal entrepreneurs who can more easily access capital and credit

INITIATIVES

- The initial Budgets put the spotlight, rather harshly, on anti-corruption and simultaneously accelerated poverty alleviation measures. Alongside, these also undertook baby steps to establish a rules-based regime—marking a clear departure from the precedent of an exceptions-based regime (providing the perfect ecosystem for fostering corruption) established over the first seven decades of India's independence. An example of this was the adoption of auctions for allocation of coal mine licences and telecom spectrum—the sale of which had previously got embroiled in a sensational scam. The objective-driven discretionary allocation to a competitive bidding-based allocation framework is a major departure from the past

- The tough love included a crackdown on illegal wealth—demonetisation of high-value currencies in 2016 and linking of Aadhaar with the income tax PAN—and initiating targeted delivery of public goods and services

- Targeted delivery was achieved by leveraging a digital framework with the moniker: JAM (Jan Dhan, Aadhaar and Mobile). This in turn had a twofold advantage

- For one, the JAM trio enabled an economic GPS for each beneficiary which ensured targeted delivery of subsidised cooking gas, a range of social security payments, including under the rural employment safety net, income support to farmers and Covid-19 relief. The Direct Benefit Transfer (DBT) resulted in savings to the exchequer of a staggering ₹1.7 trillion by the end of March 2020—which incidentally is the size of the first Covid-19 relief package

- Secondly, what this did was to also lay a fresh set of digital rails with Aadhaar, the 12-digit unique identity issued to all residents in the country, as the nucleus of an indigenous technology stack. This digital highway has proved to be an incredible gamechanger

- It was precisely this which enabled the payments backbone of Unified Payments Interface (UPI), which clocked a record four billion in transactions in December 2021. Not only has UPI powered the FinTech revolution, innovations leveraging the underlying technology stack to create, for example, the Account Aggregator framework—which will allow monetising cash-flow data of small and medium enterprises to access collateral-free credit—are accelerating financial inclusion at an unprecedented pace

- A significant subtext of these new digital rails is the push for the formalisation of the Indian economy. At the moment, more than three-quarter Indians own a bank account—a necessary step of formalisation

- Every Union Budget is also a very important means of signalling the Government's intent. In recent years, the Budget has been used by NDA to signal a reset of the Indian economy wherein private enterprise—not just India Inc but also the rapidly proliferating startups and small enterprises—has an equal stake

- Besides improving ease of doing business, the first post-pandemic Budget took an unprecedented and bold decision declaring that the public sector is no longer the commanding heights of the economy. It then went a step further and announced that the PSU assets will be monetised to release scarce capital to fund fresh investments in infrastructure, which has posed a serious supply-side constraint, restricting the ability of the economy to grow at a sustained pace

- Another important aspect of the last 10 Budgets under Modi has been the effort to remove the market and regulatory distortions weighing on economic efficiency to create an environment of equitable opportunities which fosters rational inclusive growth

- The method in the plan suggests NDA intends to transition Indians to be taught to fish. In other words, preferring empowerment over entitlement situation worse. The crisis exposed the state of the sell-past-the-date health infrastructure; people were dying because of lack of oxygen facilities in hospitals. A report by the Comptroller and Auditor General (CAG) estimated the shortage of clinical and non-clinical equipment at staggering 27.21 per cent and 56.33 per cent, respectively. The CAG data further revealed that the shortfall in personnel at various healthcare centres across the country is even more worrying: surgeons (86.50 per cent); gynaecologists and obstetricians (74 per cent); physicians (84.60 per cent); and paediatricians (81 per cent).

Keeping with this refrain, NDA is making a big push to ramp up healthcare infrastructure and simultaneously work to universalise basic needs like drinking water. Sitharaman has earmarked additional funding of ₹60,000 crore for drinking water (Har Ghar Jal). As she pointed out, of the 8.7 crore beneficiaries, 5.5 crore were added in the last two years since the project was launched. Another 3.8 crore people are targeted to receive drinking water in 2022-23.

EVEN THOUGH BUDGETS CAN'T DIRECTLY CREATE EMPLOYMENT, WHAT THE FINANCE MINISTER IS SEEKING TO DO IS NOT JUST BET ON GROWTH TO DELIVER JOBS BUT CREATE CONDITIONS FOR EMPLOYMENT GENERATION

The institutional network spread across the length and breadth of the country, over the last 75 years, has earned a lot of trust and contributed to the social capital of the country. The most reliable person in the village is the postman.

To deepen the ongoing programme of financial inclusion, the finance minister has said all the 1.5 lakh post offices would come under the core banking system. Quite apart from giving access to post office savings accounts through net banking, mobile banking, ATMs, and also providing for online transfer of funds between post office accounts and bank accounts.

This is an excellent example of leveraging an existing institutional network built over the last 100 years for bringing about transformation and change. Over the last 75 years, post offices, which are an integral part of the village civil society, have built a lot of trust and contributed to social capital at that level. This gamechanging initiative will take financial inclusion to another level by enabling interoperability.

Meanwhile, unmindful of the setback caused by the rollback of the farm laws, NDA continued to press ahead with reforms in agriculture—by enabling ease of doing farming and aligning the conditions with the new playbook for the rest of the economy.

Accordingly, Sitharaman announced fresh measures in her Budget, including the promotion of chemical-free natural farming, use of drones for crop assessment and acceleration of the digitisation of land records.

Expanding on this, Prime Minister Modi, while addressing a gathering of the Bharatiya Janata Party (BJP) the day after the presentation of the Budget, stated that the Government will be launching an agricultural corridor, similar

THEN AND NOW

1 Evidently, over the years, the Union Budget has undergone a change in style and structure. And, of course, in size

2 When Finance Minister RK Shanmukham Chetty presented the first Budget of independent India, in 1947, all he had was a very modest kitty of only ₹171 crore. He borrowed ₹25 crore and spent ₹197 crore—almost half of which he allocated to defence

3 Seventy-five years later, Nirmala Sitharaman, who incidentally was born in the same state barely 200 km away. Chetty was born in Coimbatore and Sitharaman in Madurai and both studied economics in Madras

4 Sitharaman announced a spend of ₹35 lakh crore—18,000 times the amount at the disposal of Chetty. With revenue receipts of ₹18 lakh crore, the kitty at her command is 11,000 times more

5 Indeed, India has come a long way

to the industrial and freight corridor.

The first such corridor will run along the Ganga across the states of Uttarakhand, UP, Bihar, Jharkhand and West Bengal. This corridor will be 2,500 km long and five km wide on either bank of the river. Not only will this serve to provide remuneration to the small farmers but chemical-free farming will reduce the discharge of harmful effluents into the river, the prime minister said.

MINDSET RESET

Keeping with this refrain, the Budget continues to chip away at the prevailing mindset of a country long burdened by the challenges of underdevelopment—something which has eroded its self-belief. As a result, the mindset has turned out to be one of expecting rewards from the Government in the form of sops. If it is the poor then it is the promise of subsidised or free food, electricity; in the case of the middle class, most of whom draw salaries, the expectations were about tax concessions.

This is clearly a work in progress. The ongoing round of state elections holds a mirror to this challenge with most political parties seeking to woo voters with freebies and sops. NDA, on the other hand, led by Prime Minister Modi, has sought to hit the mindset reset by making a case that there is more to gain from a growing economy. Exactly the reason why NDA has pursued empowerment by creating an ecosystem wherein individual enterprise is incentivised to flourish.

Sitharaman laid out NDA's case while responding to a question on the neglect of the middle class in this year's Budget: "I fully recognise that every section of society has suffered, the middle class has definitely suffered. But when we talk about the middle class, I understand, you understand, all of us understand, and each of us also perceive, that there is an element of middle class in us also and therefore we understand the element of suffering. Yet, we also belong to some other group.

NDA IS SIGNALLING A FUNDAMENTAL MINDSET RESET BY SUGGESTING THAT THIS IS THE BEGINNING OF THE END OF THE SCARCITY ERA. IN THE EMERGING ECOSYSTEM, INDIVIDUALS HAVE GREATER PROSPECTS FOR GROWTH BY LEANING ON THEIR SKILLS

"For instance, if you or your brother or your son start a startup, and he gets benefits, isn't that middle class? If his children are going abroad and if I give them all the facilities to transfer money, for their education abroad and also give them a passport which is going to be futuristic and ensure that when they come back they can have a skilling programme, and I also make sure that high-class universities are set up in India, is that not addressing the middle class? And similarly, don't we think that farmers are middle class? Will they not get benefits? Will we think that a person running an MSME is not middle class?" the finance minister argued in her post-Budget interview with *Doordarshan.*

NDA is signalling a fundamental mindset reset by suggesting that this is the beginning of the end of the scarcity era. In the emerging ecosystem, emphasising ease of doing business and living, an individual has greater prospects for growth by leaning on their skills than by depending on state support. Yes, given the inequities and circumstances, one section of India will need to be provided a backstop. It is similar to the process NDA adopted with cooking gas subsidy—it weaned off those who could afford to pay and limited the subsidy to only the poor.

SUPPORTING STATES

After a rough beginning with states in the GST Council which had soured the federal relationship, the finance minister has reached out to the states by recognising their need for long-term financing of capital expenditure.

Sitharaman, for the first time, has made available ₹1 lakh crore interest-free loans to states for a 50-year period. This comes on top of the higher borrowing limit of 4 per cent which includes 0.5 per cent for power reforms. How this facility is designed will determine its efficacy.

This move sets the stage for a renewed cooperation between the Centre and the states which have borne the brunt of the pandemic. The finance minister is well aware that the Union Government will need the support and cooperation of state governments in executing capital works and projects across sectors.

Indeed, as spelt out in her post-Budget interview with *Doordarshan*, the finance minister was very clear that states have to ramp up their execution capabilities and push for infra development, especially in clean and green energy and sustainability of space, for which the Centre is ready to walk the extra mile.

GREEN INVESTING

In addition to this, the Centre has shown its commitment to the green economy by announcing the issuance of a sovereign green bond which is the first sovereign bond India has issued. The earlier ones, like the India Development Bond and the recent Sovereign Gold Bond, were not international issuances.

While details are awaited, it is expected that the Union Government will raise funds from fixed-income investors through the sovereign green bond and lend to or invest in projects that seek to mitigate climate change or help affected people adapt to it.

A sovereign green bond will go a long way in opening up and enlarging a large set of investors who, at the moment, are not looking at India as a green investment option. These green bonds will be an opportunity to invest in climate solutions through a high-quality credit fixed income product. As of date, the World Bank alone has issued approximately $17 billion equivalent in green bonds through over 200 bonds in 24 currencies.

Thus, the sovereign green bond proposed in the Budget will help stimulate and coordinate public and private sector activity to combat climate change. Also, it will be a cheaper and long-tenure financing of domestic green investments projects.

DIGITAL LEAPFROGGING

Significantly, the finance minister made it clear that the transformation of India over the next 25 years will be achieved by leveraging the newly laid digital rails. NDA is emboldened after its recent history of successfully leveraging the digital backbone to deliver public services during the pandemic.

For instance, in March 2020, when the Union Government announced the first tranche of the Covid-19 relief package of ₹1.7 trillion, RBI kept the payment gateways open even though it was approaching a weekend. Once the payments were approved by the Government, these were transferred within two hours to the bank accounts of nearly 800 million beneficiaries—setting in motion probably one of the world's largest social digital transfers in real time.

INDIA IS NOW POISED TO USE PDA TO RE-IMAGINE DIGITAL COMMERCE THROUGH THE ONDC. IT SEEKS TO HIT THE RESET ON DIGITAL COMMERCE, SIMILAR TO HOW UPI UPENDED THE PAYMENTS BUSINESS BY ALLOWING INTEROPERABILITY

Basically, the Government leveraged the digital ecosystem which includes the one billion-plus mobile phone connections of which 400-600 million are smartphones, 600-800 million internet users, and the 430 million Jan Dhan no-frills bank accounts owned by the poor.

Not only did the money reach the beneficiaries in the shortest time possible, more importantly, it cut out the traditional middleman. This was enabled by uniquely identifying each beneficiary by using their personal data specs—built around their 12-digit unique Aadhaar. NDA was essentially harvesting the gains from the backing of Aadhaar—including fighting off the legal challenge which went up to the Supreme Court—and the scaling of its uses.

In this instance, the money transfer was enabled by the so-called home-grown India Stack, a technology stack which leverages four pillars:

- Presence-less (digital access and verification using Aadhaar);
- Paper-less (digital records allowing portability);
- Cash-less (one interface allowing for interoperable payments between bank accounts and wallets); and
- Consent (allows entities to access an individual's data).

The unique feature of this technology stack, which also makes it a world-class product, is that it unpacks a solution as a modular digital block. The beauty is that each module can be juggled around and deployed for other functions too. This has been given a moniker: public digital assets (PDAs). They are like digital building blocks and based on open-source software and hence free for anyone, government or private sector, to use.

By unpacking a solution in modular terms, a PDA operates like a plug-n-play system. The subtext of this is that it defines the emerging era of Open Digital Ecosystems (ODE). This feature allows the digital building blocks to be mixed and matched to create customised and innovative digital solutions at scale to resolve development challenges like inclusion, social payments and, of course, the successful implementation of the 'one nation, one jab' programme using the CoWin platform.

India is now poised to use PDA to re-imagine digital commerce through the Open Network for Digital Commerce (ONDC). It seeks to hit the reset on digital commerce. Similar to how the open protocol Unified Payments Interface (UPI) completely upended the payments business by allowing for interoperability—wherein peers can pay each other in real time using any wallet as long as they are on the UPI network—at an extremely low transaction cost.

The ONDC seeks to democratise the way sellers and buyers connect with each other in digital commerce. At the moment, these cohorts engage on platforms that are closed and dominated by a few. Of the nine platforms in the world with billion-plus users, five operate from the US and the rest from China. Unlike these private platforms, ONDC promises to be a public network that will connect the existing platforms—very similar to the way UPI connected wallets. The promise of ONDC lies in its ability to solve the asymmetry of information and access that plagues existing e-commerce platforms.

These PDAs are powering the National Digital Health Mission (also called Ayushman Bharat Digital Mission), which Sitharaman announced is on the verge of being rolled out.

"An open platform, for the National Digital Health ecosystem will be rolled out. It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities," Sitharaman said in her Budget speech on February 1st.

It will take affordable healthcare to those who need it, once again by employing a digital backbone. In short, it is India's big fix of its sell-past-the-date health infrastructure. It will permit all those volunteering to opt for a unique digital health ID to enable portability of their medical history—at least, it will reduce the enormous friction for outstation patients seeking consultation through telemedicine or looking to tap specialists across the country—and a health registry of verified medical personnel.

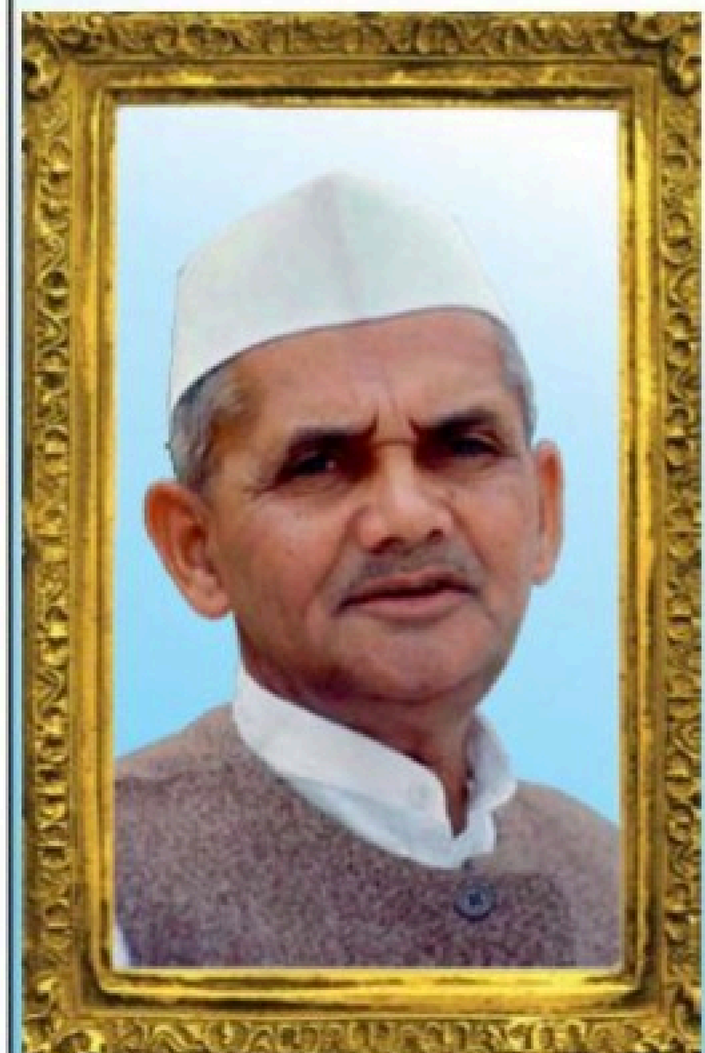
One big collateral gain from enabling this transformation using a digital backbone has been the boost to disintermediation. Just as the launch of the ATM revolutionised customer experience with respect to banking, the new digital plays are cutting out the middleman—something that not only reduces friction but also eliminates or at least reduces the opportunity for middlemen to engage in corruption.

In the final analysis, it is clear that, as the finance minister said in her speech in Parliament, this year's Budget is the first of many steps to spur an unprecedented makeover of India. Not since China did so in the 1980s has any country of this size attempted something similar. NDA believes that policy changes in both its terms are part of a grand plan to ensure no person is left behind.

Sitharaman summed it up best when she said, "Since 2014 our Government's focus has been on empowerment of citizens, especially the poor and the marginalised. Measures have included programmes that have provided housing, electricity, cooking gas, and access to water. We also have programmes for ensuring financial inclusion and direct benefit transfers. We are committed to strengthening the abilities of the poor to tap all opportunities. Our Government constantly strives to provide the necessary ecosystem for the middle classes—a vast and wide section which is populated across various middle-income brackets—to make use of the opportunities they so desire." ■

Haseeb Drabu is an economist and the former finance minister of Jammu and Kashmir

Anil Padmanabhan is a Delhi-based journalist who writes on the intersection of politics and economics in his weekly column 'Capital Calculus'



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FINANCE MINISTER NIRMALA SITHARAMAN IN HER OFFICE, FEBRUARY 2

FINANCE MINISTER **NIRMALA SITHARAMAN**

‘OUR CHALLENGE WAS TO MAKE A BUDGET FOR A VERY BUOYANT ECONOMY’

By PR RAMESH AND RAJEEV DESHPANDE

Photograph by **ASHISH SHARMA**

A day after presenting the Union Budget, the finance minister spoke at length to Open *about how the vision and initiatives she has outlined aim to support and propel the trajectory of the Indian economy as it emerges from the shadow of the pandemic. Excerpts:*

In his remarks on the Budget, Prime Minister Narendra Modi said there is a change in popular expectations, in terms of utility of doles and whether people, particularly the youth, look for opportunities instead. How would you look at the Budget in terms of what it outlines and seeks to achieve?

The prime minister has encapsulated the economy in the last seven to eight years. Why the comparison to what was—and what is happening now—is contextual and why is it important? You are looking at a phase wherein the economy is coming out of one of those very rare (incidents), that is, the hit or impact of a pandemic. So a monotonous comparison in a year-on-year manner does not work. This very clearly shows in every one of the indicators that I think the prime minister mentioned one by one. There is a clear two-and-a-half times, if not three, growth, whether it is GDP, foreign exchange reserve, inbound FDI. There is a clear change. Two-and-a-half times growth in the economy. The size of the economy is already $2.3 trillion. The difference therefore in planning for a Budget is that you are looking at an economy that is very buoyant. An economy where citizens are aspiring for a lot more. Thus the success of startups, of the very same youngsters who, till a few years ago and certainly before 2014, were not prepared to take risks.

> “IF ENTREPRENEURS CAN RAISE RESOURCES IN INDIA, IF SCALED-UP MARKETS AND MANUFACTURING ARE ATTRACTING OVERSEAS INVESTMENTS, POLICY HAS TO FACILITATE ALL THIS. POLICIES WILL NEED TO REMOVE OBSTACLES AND LOOK AT THE FUTURE
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> OUR APPROACH TO DISINVESTMENT IS THAT, IN THE INTEREST OF THE ECONOMY, LET THE BUSINESS BE SOLD TO SOMEONE WHO WILL KEEP IT RUNNING. SOLD WITH CONDITIONS THAT, FOR AS LONG AS POSSIBLE, THE BUYER WILL TAKE CARE OF THE EMPLOYEES”

There were perhaps some startups even before 2014 but that did not add up or provide the collective synergy for the economy. The synergy of confident youth moving forward with assurance, and with policy enablers creating the ecosystem, is what shows that there is a pulsating vibe in the economy. For such an economy, for them (entrepreneurs) to find domestic money, domestic investors, venture capitalists…therefore raising equity for their innovative but higher risk business is now also possible. This is part of the India story. But the story is also about bigscale production moving into India. They are able to find opportunities in India that brings sovereign funds and pension funds here. So, for one, I am talking of individual young minds who want creative opportunities and are able to raise funds demonstrating that resources are being generated and ideas are appreciated commercially. Then there are big-ticket investors who are looking at India's market size, the opportunities it offers, and over and above, the availability of skilled manpower that will allow cost-effective production.

There will be consumption in India and also surplus for export. The funds that are looking to back this investment are not like some aspects of FDI, looking to make a good kill and fly away. They wanted to be invested here. That is a feature we need to keep in mind. Then there are the newer sectors opening up for India. There were the Ubers of the world that came in, the expansion of food delivery, the courier business. Then the emergence of robotics and associated science that is changing logistics tremendously needs to be noted. This was happening irrespective of the pandemic. India was becoming one of those hubs where big-time logistics was to be seen. I have offered just a few examples that show how the vibrancy in the Indian economy is indicating success. Then you have to factor in the pandemic years. Even there, the digital economy and its impact on society is another factor. Thus, what the prime minister said about Budget-making then and now has so many different parameters—the approaches need to be different. Because, if these people (entrepreneurs) can raise resources in India, if scaled-up markets and manufacturing are what is attracting overseas big-ticket investments, your policy has to facilitate all this. Your policies will need to remove obstacles and look at the future to see, as these sectors grow, what are the other things they would require. So Budget-making is not merely looking at revenues and expenditure; it is also looking at how to facilitate an economy that is showing vibrancy, which is revealing strengths that have not been harvested to full potential.

So you also seem to believe that expectations of people have changed. Instead of simply looking for freebies…

Yes, looking at certain aspects of what the prime minister said on the Budget, we need to keep in mind that when people talk of jobs...we need to keep reminding ourselves about what approach the people want the Government to take. Certainly, unfortunate instances happen. The one related to the railways in Bihar. Where, because some errors happened in the process, naturally and justifiably, youngsters who are aspiring to get through the process get disappointed and frustrated [recent protests against the format of testing for recruitment]. I fully understand that. For those positions that are sanctioned (government jobs), we are filling up and taking every measure to do so. Process difficulties can be avoided if technology is fully utilised.

I cite an example as it might address many related aspects. There is an argument that when the Government has committed itself to a disinvestment and privatisation target, this will lead to job losses and, particularly for Scheduled Castes and Tribes, it will lead to a dilution of the benefits of reservation. They will be denied reservation. The approach with our disinvestment or privatisation is like how we see the IBC function...our interest is in keeping most of these organisations, currently public enterprises, going concerns even after disinvestment. What does that mean? It means we are looking for people to bring in fresh equity, take charge and keep them running. For two reasons. If it is a steel mill, as one that has been recently disinvested, or an airlines or any other. After a point when government is unable to run it, for any of several reasons, and after a point when it does not make economic sense to put more money into a bad business, the tendency will be to gradually close it. Because you are answerable for money going into an unproductive business. To end up closing means the economy that might require that product or service, like an airline for example, is being deprived to that extent.

Then those who are working there are going to be told “Sorry, we can’t have you here.” Instead of that, the approach we take is that, in the interest of the economy, let the business be sold to someone who will keep it running. Sold with conditions that for as long as possible—and stipulating this specifically—the buyer will take care of the employees. The employee interest should be fully protected. They should be given enough. So these are not unthinking approaches. The intentions are that the economy should be served, the people should benefit. The approach to jobs is to facilitate people to have their own business. Ensure an ecosystem to allow people to be entrepreneurial and also create more jobs. This is not to say that government jobs are not going to be available. The approach during Budget-making is that we need to have a blend of both the government and the private sectors.

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> YOU WOULD FIND A MANUFACTURING ZONE AROUND WHICH THERE WOULD BE NO PORT OR RAILWAY STATION AND THE ROADS WOULD NOT BE IN GREAT SHAPE. PM GATI SHAKTI BRINGS SYNERGY AND ENSURES THE GOVERNMENT-AS-A-WHOLE APPROACH WORKS
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> BECAUSE WE HAVE BEEN CLEAR THAT FOCUS ON GROWTH IS ABSOLUTELY CRITICAL FOR SUSTAINING THE RECOVERY, WE ENSURE THAT THE MONEY IS GIVEN THERE. SOMEWHAT REVENUE BUOYANCY HAS GIVEN ME THAT SPACE
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You have said the Budget’s vision is also about getting rid of obstacles and this has been the effort in successive Budgets. Initiatives like GST, e-way bills, fast tags, etcetera, are all aimed at removing friction points in the economy. A focal point in the Budget is PM Gati Shakti. How does this work to make the economy more efficient and make investment more productive?

I will start with an example of what happens without the Gati Shakti concept. Earlier, we developed bridges, roads, ports, airports and railway stations that served superfast trains along with others, and so much else. All very well intended. But when you look at how they yielded returns, or how they became a catalyst for development, you see a lack of coordination. You would find a manufacturing zone around which there would be no port or railway station and the roads would not be in great shape. What would you do in such a zone even if provided tax incentives? So, when you develop something without other things being simultaneously developed, things don’t work very well. Now, even if there was a rail head, for manufacturers to reach a sea port or an airport would need more effort. So what PM Gati Shakti does is to bring that synergy and make sure that each time anything is planned, that exhaustive government-as-a-whole approach works. The various departments and state governments need to be taken on board.

I am not saying various facilities will always be there. But the thinking is needed. There is need for speedy and unhindered access to a port of call. This is particularly relevant for landlocked states and there is a need for nimble thinking. We are making sure that tier-2 cities get airports too that are inexpensive but provide important linkages. The Northeast, where there is a lot of resources, be it bamboo, organic vegetables and fruit, has serious problems in getting products aggregated in a cost-effective manner. There is a mismatch. Not just with roads, manufacturing or whatever. Movement of goods or persons is not easy. Gati Shakti will guide infrastructure development and ensure synergies.

You are prepared to spend a lot of money. Your commitment and intent are clear. You are doing a lot of heavy lifting when it comes to capital expenditure. Do you think the private sector will respond to the initiatives in the Budget?

To be fair, the private sector is also moving forward. Given the pandemic, no one can expect or predict the speed at which they will move. But one can see that they are increasing capacities to increase manufacturing. They are also looking for newer opportunities and are taking over businesses, and mergers and acquisitions (M&As) are happening. They are looking at the capacity of Indian markets to absorb production instead of just exports. With the uncertainties that we face, the risk calculation will weigh on the private sector. But I am hopeful—they already have shown good results last year—and should be moving forward.

Do you think consumption is cause for worry?

If you look at core goods, consumption is not an issue. For instance, steel. Both for exports and domestic consumption, there is enough and more demand. The demand exists. The import bill is going up as many raw materials, and coal, are being brought in as there is a lot of manufacturing happening. There is scaling-up as well. Why would they do it? There is a domestic market. So, if the integrated mills are working well, but if prices are prohibitive for downstream industries, they will look at imports. The main point is that they are all in business as demand exists. Otherwise, the import bill would not be going up.

> “WE HAVE GONE INTO GREAT DETAIL LOOKING AT HOW PUBLIC EXPENDITURE SHOULD PLAY OUT. THERE IS AN INITIATIVE FOR THE NORTHEAST FOR LIVELIHOOD-CREATING PROJECTS AND FOR VILLAGES ON THE BORDER. THAT IS, FROM J&K TO ARUNACHAL

> I FIND IT DIFFICULT TO ACCEPT THAT WHAT FLOATS AROUND, CREATED BY INDIVIDUALS WHO HAVE NO SOVEREIGN AUTHORITY, CAN BE TERMED CURRENCY. CURRENCY IS ISSUED BY AN AUTHORITY WITH SOVEREIGN BACKING. OTHERWISE, WHY GO AFTER FAKE CURRENCY?”

We have a situation where revenues are showing some buoyancy. The options could have been that maybe you could be fiscally conservative, reduce debt. You have prioritised public spending and, in this context, there is a discussion on fiscal deficit and inflation. Do you think a balance has been struck?

Absolutely. Let me put it this way. We continue to focus on growth from last year. The focus remains absolutely intact this year too. What else can prove this than that last year the capital expenditure was ₹5.5 lakh crore and this year it is ₹s7.5 lakh crore? So, the focus on growth, particularly in public investment to build infrastructure, is intact. Then the question would be what happens to your fiscal prudence. Because we have been clear that focus on growth is absolutely critical for sustaining recovery, we ensure that the money is given there. Somewhat revenue buoyancy has given me that space. However, even the borrowing is higher this time, too. Thus, lots of observers have started saying that I have cut down on revenue expenditure.

Let's understand that when you spend on infrastructure, then you do public capital expenditure, then the multiplier is more than 2.5. I am being conservative, some say 2.95. Whereas, when you spend on revenue, for a rupee spent on revenue, the multiplier is 0.95. So, will I look at something that gives me, for every rupee, 2.95 in return or 0.95? Therefore, in the balancing, I have gone in favour of growth, sustaining the momentum for growth, by spending and spending more. After all, the spending has to be grounded somewhere. It happens in the state, either directly by the Centre or by the states themselves. That is where, from this ₹7.5 lakh crore, one complete lakh crore is being given to the states. We have gone into great detail looking at how the public expenditure should play out. A lot of time—and this is untypical, I know, for a Central Government Budget to get into the detail of planning—has been devoted to this task. There is an initiative for the Northeast for livelihood-creating projects, and separately for the development of villages on the border. That is, from Jammu and Kashmir down to Arunachal Pradesh.

Are you confident that the system has the capability to absorb these investments?

It is for the states to tell us. The NIP was very much about the identity of the project and location of the project. And now, with this getting consumed under the framework of Gati Shakti, states can now choose projects, particularly for green transition, renewable energy. We also have come up with PLI—that helps in scaling up production of components for renewable energy firms.

You have introduced a tax on crypto assets. Are you signalling that crypto as an asset category is fine, but not acceptable as an alternative currency?

First of all, I find it difficult to accept that what floats around, created by individuals who have no sovereign authority, can be even loosely termed currency. Currency for me is that which is issued by an authority with sovereign backing. Otherwise, why do you go after fake currency in the country? I am at this time confining myself to talking about digital currency. I am telling Parliament that the authority which issues currency, the RBI, will come up with a digital currency. What happens outside of it, transactions which result in profit-making, will be taxed.

You put 1 per cent TDS on crypto assets. Is it to establish a forensic trail to prevent money laundering?

TDS is not introduced just for that world. TDS exists for other transactions. That's one way for me to keep transactions above board, to keep transactions formalised. And make sure that transactions, when they happen—and both parties who transact—are above board and doing this exercise formally over the table. TDS will ensure that the Indian economy stays formalised.

What are the gains from introducing a central bank digital currency? How will it coexist with the present financial framework?

Well, when the central bank comes out with it and when there are bulk transactions between countries, it helps in speedy transactions. Second, the cost of transactions, particularly bulk transactions, is going to be very low. Third, when there are exchanges happening between central banks, issues like exchange rate will be far clearer and not speculative. And that's where this helps.

One of the important areas of the Budget concerns the emerging sectors. Are you looking at developing these technologies? Can this be seen as something that can help India leapfrog the development deficits that pull it back?

These are emerging areas. Our youth are showing interest and capability in areas such as genomics, AI and gaming. In genome-sequencing, for instance, during the Covid pandemic, the private sector and ICMR worked together and showed that India is as good or even better in genome-mapping, and so on. It is an area where India has an advantage but needs a lot of support as well. So, for R&D, we would like to participate and offer support. We believe that India has a lot of capabilities in the sunrise sector and we will do everything to capitalise on it.

There is a big focus on digitalisation. These are under different heads—education, health, skilling, university education, etcetera. What are we looking to achieve through these initiatives?

We want to make additional gains—not just incremental but substantial gains from these initiatives. This will brand India as a leader in the digital world. It will also help other countries that need that assistance. After all, the world is moving towards greater digitalisation. And if you are a leader, it will give you a position at the high table and you will be able to decide policies for it. We will also be in a position to influence countries to democratise usage of digital assets. During the pandemic, we showed the world that we were able to reach every citizen without any human interface. This was happening at a time when many Western economies did not have a clue as to how to reach their beneficiaries. While they were delivering cheques, here we could do it by pressing a button. In the coming days, we will develop an India stack—in education we are doing a *desh* stack; for labour, we have created an e-*shram* portal. When you have all these, within India we are making sure that Aadhaar gets linked, drone services get linked. So if you have a property in Mumbai and you live in Shillong, you can do your buying and selling digitally. This will help every citizen use every service without human interface and intermediaries.

Opposition parties have been critical of the Budget. Some went to the extent of saying that it was an "uninspiring" fare?

I don't think they heard the Budget and really understood the import of the announcements made on the floor of Parliament. They should read it and then raise questions. I am fully willing to answer and take the criticism. But to make off-the-cuff remarks like "Oh, this is a zero Budget", or "Nothing in this Budget..." Some even went to the extent of counting the number of times I referred to the poor. It is disappointing and sad—just because you need to comment immediately after the Budget presentation. A thoughtful response would have been more useful to me. And that would help the country. ■

> "WHEN THE CENTRAL BANK COMES OUT WITH A DIGITAL CURRENCY, AND WHEN THERE ARE BULK TRANSACTIONS BETWEEN COUNTRIES, IT HELPS IN SPEEDY TRANSACTIONS. SECOND, THE COST OF TRANSACTIONS IS GOING TO BE VERY LOW

> WE WANT TO MAKE ADDITIONAL GAINS—NOT JUST INCREMENTAL BUT SUBSTANTIAL GAINS FROM THESE INITIATIVES. THIS WILL BRAND INDIA AS A LEADER IN THE DIGITAL WORLD. IT WILL ALSO HELP OTHER COUNTRIES THAT NEED THAT ASSISTANCE"

Illustration by SAURABH SINGH

BOURSE CORRECTION

My bullishness on the India story remains unshaken

By RAKESH JHUNJHUNWALA

Every Budget has messages in it. And, to me, the most prominent one is the thrust on long-term growth. Look at capital expenditure. Before the Budget was tabled, I was expecting there would be an increase in capital expenditure. But the jump has far exceeded my expectations. This kind of spending is going to reignite the economy. The spending on infrastructure will eventually lead to industry becoming more competitive and efficient. And we have to remember what India needs is not freebies but a focus on long-term sustained growth. It is only this way that more jobs and social welfare can be created. So, such a focus on long-term growth over populism is a very bold political statement.

While the thrust on capital expenditure by the Government is great, I feel that eventually the private sector's investment will be far more. Not because of the Budget per se, but because right now there is a huge demand in the economy. Everyone is bullish right now. Everyone wants to invest in India. We have to remember our credit cycle is behind us, and the capex cycle is in front of us.

If you ask me, the Government is being very conservative in its estimate of tax collection for the (current financial) year. My personal feeling is that tax collection is going to go through the roof. The Government will collect between ₹3 to 3.5 lakh crore more than the current estimate of net tax revenue in the Budget. Fiscal deficit will also come down by at least a per cent than the current projection. The steps the Government has taken over the last few years are coming to fruition. There is now going to be a permanent increase in our tax to GDP ratio.

We as a country have come a very long way. The stock market in my early days as a trader was like the Wild West. Today, it is well-organised and well-regulated, more participatory, and deals in so much more volumes. Even our Budgets are so transparent now. Our accounting is transparent and the expanse of social welfare is so much greater.

Through all these years, the one mantra that I have abided by, and which has helped me especially in the market, is my optimism about the India story. I've always been bullish on India, and I am more so now. Look at what we have demonstrated in 75 years of independence. My father used to say how, before Independence, we had to import even toothbrushes into the country. And today, we are one of the largest exporters of software in the world.

What a society needs for growth are three things: skills, hard work and democracy. India has all of this in abundance.

I believe our economy will grow rapidly in the next few years. The way the economy is moving, and the way the current Government is pushing it, I see no reason why we can't become a $5 trillion economy by 2026-27.

Just look at the stock market. When Covid-19 struck, the market saw a huge crash. The (National Stock Exchange, NIFTY 50) index fell from something like 11,500 to around 7,500 in a very short time. There was a lot of negativity that time. The human mind always wants to be part of the crowd thinking. But you need to think deeper if you want to succeed; to sit down and correctly assess the risk-reward ratio. And at the end of the day, for most people, Covid-19 was more like a flu. It was not a cancer as it was being made out to be. I was telling people that the market was going to take off and that there was going to be a bull run now. But very few believed me. Look at where the market stands today. In fact, even now, there are lots of people who are negative and say that a crash is coming. That's only good. As long as there are doubting Thomases, there's only more money to be made. I don't see any crash coming at all.

I'M PARTICULARLY CONFIDENT ABOUT THE IT INDUSTRY, PHARMA, INFRASTRUCTURE AND MANUFACTURING. NOBODY CAN SAY THIS WITH CERTAINTY, BUT HOPEFULLY, THE PANDEMIC WILL BE OVER BY MARCH

In fact, I believe the stock market stands at the cusp of something very big right now. Some people say that the market has already grown a lot. Already a record number of first-time investors have joined in during the pandemic and there are some 8 crore Demat accounts now.

But where people see a half-empty glass, I have always seen a half-full one. There are somewhere between 85 to 90 crore adult Indians today. If you say, there are 8 crore Demat accounts, I ask where are the rest of the 80 crore? They will have to come to the market eventually.

So, I am very bullish about the stock market, especially at this stage. Just look at how foreign institutional investors have recently sold a huge number of shares. And yet, it has hardly made an impact on the market.

I expect several sectors to see a lot of growth. I'm particularly confident about the IT industry, pharma, infrastructure, and because of the Government's production-linked incentives and the ease of doing business coming in, many others like manufacturing are going to become very big. Nobody can say this with certainty but, hopefully, the pandemic will be over by March. And sectors such as travel, tourism and hospitality will take off after that.

There is one sector that won't take off—cryptocurrencies. There has been so much talk about it in the last few years and I have never believed in it. It is nothing but pure speculation. There is no economic logic in it. The Indian Government has now imposed a tax on its transaction, and I think it will now soon die out. Most governments are banning it. China has already banned it, and I think India is now effectively banning it.

Some people say the stock market hasn't been on the Government's priority list. I beg to differ. How can it not be? It has to sell so many (of its own) companies. There might be some revised estimates on this, but the policy direction on privatisation and disinvestment is very clear. Ultimately, governments have no reason to be in business, and this Government knows it.

To talk about their reformist pushes, the LIC IPO, whenever it is launched, is going to be a landmark moment. The market will have a huge appetite for something like that. There are some who say the timing for such an IPO might not be great right now, because the stocks of some recent large IPOs are trading well below their price during their launches. To those worried people, I say, keep worrying.

The LIC IPO, I believe, will be a huge hit. One must remember, this IPO will attract a new class of investors. Indians trust LIC. Most people in the country have LIC policies. They will participate in the IPO in a way never seen before. Wait and watch.

It is not easy to bring about economic reforms in India. But I think the Government has done as well as it could have. They have handled the economy very well, even during the pandemic. They have improved the ease of doing business here. I am a fan of this Government because I believe they are very active and committed. They are proud and conscious of their Indianness. Under Narendra Modi, there has also been a lot of social welfare. There might be some miscreants, but overall, there is a fair attitude towards the minorities. And in Nirmala Sitharaman, we have a very good finance minister. What marks her out from her predecessors is that she is very realistic. I think it is very important that we see a continuation of Modi as prime minister. For the economy, it is essential there is a continuation of this Government's policies. ■

(As told to Lhendup G Bhutia)

Rakesh Jhunjhunwala is an investor and businessman

VISION FOR A MISSION

The proof of responsible fiscal behaviour

By SANJEEV SANYAL

In the making of any Budget, including this year's, there are invariably a number of trade-offs that any government will have to make. One of them this time is making sure that the economy, particularly economic recovery, is well-supported even as the focus remains on fiscal consolidation when the time is ripe. Although we see a 9.2 per cent GDP growth in this financial year, our view is that the economy still needs succour, especially in generating jobs, addressing health requirements, and so on.

Furthermore, while we are determined to do a fiscal correction, we also want to do it at a viable and reasonable pace so that there is a smooth exit out of the fiscal stimulus mode. So, we go from 6.9 to 6.4 per cent with a 0.5 per cent withdrawal of the fiscal support because we give a clear signal of the fiscal trajectory.

True, fiscal consolidation has to be done based on the revenue stream that we will get. And from that perspective, we have taken what we think is a very doable—perhaps even a conservative—view of nominal GDP growth and revenue growth in the Union Budget 2022-23. Then there is the issue of targeting. First, we visualised the overall scenario and then zoomed in on specifics. After all, there are segments in the economy that need precise forms of support. There were a bunch of such announcements in the Budget, including extension of the Emergency Credit Line Guarantee Scheme (ECLGS) for the hospitality sector to March 2023, and the related additional allocation of ₹ 50,000 crore exclusively for the hotel and hospitality businesses to tide over the stresses faced by the sector due to the Covid-19 pandemic. The extension of several other targeted schemes to promote investments was also done keeping that in mind.

Ours is a fiscally responsible regime and Budget assumptions are transparent. While we had to expand fiscal support to the economy during the ongoing pandemic, we have handled successive Budgets in a responsible manner, not merely this one alone. Whenever we had to provide support to the health sector during the pandemic, we have responded. And now, when growth needs to be supported, we have done it with capital spending on infrastructure. This targeted and responsible approach is exactly why our macroeconomic indicators are in good shape. We have maintained this fiscal restraint even when there are state elections or other pressures.

Our capital expenditure is high this year, more than 35 per cent higher than last year's, and we are going to maintain our emphasis on infrastructure for some years as this is an important part of modernising India.

Now, I have a word for those who aver that the Government was right in its intent but short on action as regards clean energy initiatives. The Budget did place tremendous emphasis on energy transition and climate action. We have announced a massive infrastructure push that will target this particular area as part of our climate and economic resilience. We have also announced green bonds as a new source of funding. Therefore, one can state that the Government is walking the talk.

Again, we are thinking ahead as far as tackling other new challenges. For instance, even as countries around the world grapple with how to regulate cryptocurrencies, our Government has done what it needed to do. The Budget has proposed a 30 per cent tax on all capital gains from digital assets, and also added that a 1 per cent TDS will be charged on every transaction. What we have imposed on gains on any asset sales and windfalls is reasonable. When you buy and sell other assets, you have to pay capital gains tax. There is no particular reason why you shouldn't be doing this for this particular asset. This does not endow any legitimacy to such crypto assets. It doesn't in any way regulate or regularise this space. It just says what is obvious: if you make capital gains from other assets and pay tax, there is nothing exclusive about those who make a profit from crypto assets. Moreover, the current laissez-faire regulatory system cannot be sustained. Globally, the whole discussion on regulating crypto assets is taking place at the level of G-20 because it cannot be handled by any single country. Meanwhile, the Reserve Bank of India is going to create a digital currency. Be very clear that this is still going to be a regular rupee—just that it will be on blockchain. It is only the mode of how it is being issued that will change, meaning we will now have a distributed ledger compatible format of the rupee.

Illustration by **SAURABH SINGH**

The preparation of the *Economic Survey* this year did face special challenges due to the pandemic. We got hit by Omicron which meant that out of the three advisors, two were down with Covid, especially in the last one month when the heavy lifting towards the completion of the report is done. Several other members of the team were down themselves or were taking care of unwell family members. Regular face-to-face meetings were often impossible. Many of the chapters of the *Survey* were written by people working from home while on tablets to reduce fever. Still, I am pleased to say, the team pulled together to produce a document that has drawn a lot of praise.

To sum up, I must stress that the Budget has been absolutely sensitive to the needs of the poor and the demands of the private sector. Towards helping people at the bottom of the pyramid, you see amazing expansion happening, especially in housing and tapped water schemes. All these activities will increasingly create jobs. Again, while there are programmes to promote startups, there are also similar ones to help existing companies to scale up, such as production-linked incentives. For the first time in many years, our banking system is clean enough—gross NPAs have declined sharply—and so as and when the private sector demand returns, our financial sector will be ready to fund that expansion. Both the IMF and World Bank expect India to be the fastest growing economy in the world in 2022-23. Even our relatively conservative GDP growth forecast of 8.0-8.5 per cent will make us the fastest growing economy. There is scope for cheer. ■

(As told to Ullekh NP)

Sanjeev Sanyal is Principal Economic Advisor, Ministry of Finance

INDIA CONNECTED

The objective is to create synergies and reduce friction that harms economic efficiency

By AJAY BHUSHAN PANDEY

A close scrutiny of the Budget reveals it to be a detailed and painstakingly considered document spelling out the Government's vision in the immediate context as well as with an eye to the future. It is well planned and is forward-looking. It seeks to build on and further leverage a series of important reforms carried out in the last few years to do more at a faster pace and on a bigger scale. There is a particular focus on areas such as manufacturing, digital economy, startups, infrastructure, logistics, banking, and green energy.

The objective behind the initiatives in these areas is to build inter-sectoral linkages and move towards creating synergies while also reducing the hurdles and friction that lower the efficiency of the Indian economy. The idea is to make India more competitive. This is the thread that runs through the efforts in recent years to increase mobility and connectivity in all spheres, whether digital or physical infrastructure. Reforms that resulted in GST, e-way bills, and fast tags at toll plazas were aimed at removing hurdles in the economy, and the reforms proposed in the Budget need to be seen as part of the same chain of thought.

> INITIATIVES LIKE ONE NATION, ONE REGISTRATION, AND DIGITAL LAND RECORDS ARE GREAT TRANSFORMATIVE STEPS. THESE DIGITAL PLATFORMS WILL TAKE INDIA TO THE NEXT LEVEL OF THE DIGITAL REVOLUTION, BENEFITTING ALL SECTIONS

The finance minister has rightly avoided tinkering in the tax slabs and exemptions-free regime. Our corporate tax rate since 2019 is among the lowest in the world. From 2019, people earning personal income tax up to ₹5 lakh are not required to pay income tax. The message in the Budget is very clear—the Government is for a stable and predictable tax regime. You have to give the rates that have been set some time to deliver results. To make changes at a time when we are just about emerging from the effects of the latest Omicron wave would have been imprudent. Making provision for an updated return is a very good idea. It will reduce the compliance burden. The Budget has also continued the faceless assessment scheme, and this provides a great deal of transparency in the tax system and reduces unnecessary delays. It also does away with rings of middlemen who used to work to "ease" the tax filing process and pocket money in the process.

Providing a higher tax rate and TDS on crypto assets is a beginning and will help understand other issues governing the regulation of crypto assets that are currently in unknown territory. There is a need to correctly assess and regulate this new sector and ensure transparency and accountability. Options like banning or shutting it down may not be useful or achieve the desired ends.

The Budget also sends out a clear message on continuing past reforms and building further over the strengths that have been created and benefits that are now evident. The Government's push for digital payments, digital currency, digital banking, OFC, 5G, solar, battery swap, infrastructure status to data centres will have a far-reaching impact. These initiatives are truly futuristic and map the emerging contours of the economy and also the rising aspirations for our young and talented entrepreneurial class. This is what will prepare the country and ensure India does not get blindsided by new developments in technology and finance. If we can take the lead instead of being followers, it will give India a better chance at being part of new regimes and having a role in framing the rules.

It is good to note that the Government did not fall into the trap of reducing fiscal deficits at the cost of capital and other essential expenditures. The need of the hour is to ensure growth, create opportunities, and support livelihoods by increasing the size of the economy and making it more productive. The capital push of ₹7.5 lakh crore will be a massive booster and will strongly support the virtuous cycle of generating employment, consumption, and growth.

The augmentation and extension of the emergency credit line guarantee scheme (ECLGS) to the hospitality sector will be very helpful to MSMEs in these difficult times. This sector remains the most vulnerable to the Covid-19 pandemic as any restrictions in movement immediately impact it. Help for this sector is welcome, and hopefully, 2022 will spell better news given the optimism generated by the fact that the Omicron wave has not been anywhere as devastating as Delta. India seems better prepared to fight the virus in the light of the experiences of the past two years.

The PM Gati Shakti plan connects and leverages the massive progress

Illustration by **SAURABH SINGH**

made in airports, ports, railways, telecom, digital arenas. It will eventually help bring the cost of logistics down from 14 per cent of GDP to closer to the 8-10 per cent mark, which will boost productivity and, thereby, the economy. These changes will have a wide impact that will yield results by way of increasing the productivity and profitability of Indian businesses. This is bound to generate employment and provide better returns to workers at all levels. Again, the changes should be seen alongside other reforms in labour laws and commercial litigation, and you will see the larger picture.

The imposition of excise duty on non-blended food will promote blending and use of green energy in India. It will also help reduce our dependence on imported crude, and also save us foreign exchange. The issue of green bonds is a major step as it will make available to the Government resources for promoting green energy in the country and develop infrastructure for use of renewable energy.

Renewable energy will get a good push in India. On one hand, the productivity-linked incentive (PLI) allocation for solar has been increased by about ₹18,000 crore, and on the other, customs duty has been imposed on the import of solar cells and modules. These two measures will incentivise the production of solar cells and modules within the country.

The Budget places a great emphasis on leveraging the existing digital infrastructure and platforms like Aadhaar and JAM (Jan Dhan-Aadhaar-Mobile) to carry out further reforms and create several more platforms like health digital mission, digital banking unit, digital currency. There is also a plan to promote digital learning at various levels and the creation of online resources and dissemination of learning through various channels. Knowing that not everyone in India has access to broadband, the launch of 200 TV channels can transform the education sector. It can completely change the way primary, secondary and higher education is currently handled. Also, initiatives like one nation, one registration, and digital land records are great transformative steps. These digital platforms will take India to the next level of the digital revolution, benefitting all sections.

Several reforms have been made in the customs duty structure. Many anti-dumping duties have been revoked to ensure the supply of cheaper raw materials. Graded customs duties are being imposed on capital goods and project imports so that India eventually becomes a manufacturing hub for capital goods. The changes reflect the careful and detailed approach to Budget-making. A great deal of thought has gone into the process to ensure that the right growth impulses are generated while adequate attention is paid to providing finance, including more innovative options. At the same time, the Government has not lost sight of its responsibilities in providing basic amenities like housing and tap water to those who need these most. These measures, along with the production-linked incentive (PLI) scheme, will go a long way towards making India a manufacturing powerhouse. The PLI scheme itself is expected to add around 2 per cent to GDP every year and has been showing promising results since its inception.

Overall, the Budget is extremely balanced and takes care of vulnerable sections and, at the same time, puts in place a concrete framework for the growth of the economy through a big push for quality spending led by the Government. ■

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YOGA AND KSHEMA

Balancing ease of doing business and ease of living

By BIBEK DEBROY

In the Budget speech, the finance minister quoted from the Mahabharata, in paragraph 119 of the speech. दापयित्वा करं धर्म्यं राष्ट्रं नित्यं यथाविधि। अशेषान्कल्पयेद्राजा योगक्षेमानतन्द्रितः।। This is not the exact way the Sanskrit is cited in the speech. As a language, Sanskrit flows freely, with the last letter of a word joining the first letter of the next word, in rules of grammar, "*sandhi*". That's one reason we often find it difficult to understand Sanskrit. If the "*sandhi*" is broken up, comprehension becomes easier. In the finance minister's citation, there was "*sandhi*". In mine, I have partially broken it up. When quoting from the Mahabharata, it's important to mention the text, since there are different versions. These days, quoting from Bhandarkar Oriental Research Institute's *Critical Edition* is the norm. As the finance minister's speech mentions, this is from "Shanti Parva", 72nd chapter, 11th *shloka*. The chapter and verse citations are from the *Critical Edition*. In a different edition of the Mahabharata, chapter/verse might be different. Shanti Parva is referred to as the book of peace, after the Kurukshetra war is over, and has teachings by Bhishma, lying down on his bed of arrows, to Yudhishthira and his brothers. Shanti Parva has three broad sub-sections, Raja Dharma Parva (*dharma* for kings), Apad Dharma Parva (*dharma* in time of calamities, when deviations from the standard template are permitted) and Moksha Dharma Parva (*dharma* of liberation from *samsara*). Today's Government is the counterpart of the king then.

The Covid pandemic and the sudden shock ravaged the entire world, not just India. There was the immediate health aspect (mortality and morbidity) and restrictions on economic activity. On both, irrespective of the metric

Illustration by **SAURABH SINGH**

used, India has performed rather well. The president's address to Parliament, *Economic Survey 2021-22*, and Budget for 2022-23 have documented this. Real growth in 2021-22 will be 9.2 per cent, compensating for the decline (now estimated at 6.6 per cent) in 2020-21 and the level of GDP surpassing pre-pandemic levels. Growth recovery is broad-based, but still has to be nurtured. The *Economic Survey* expects growth in 2022-23 to be between 8 and 8.5 per cent. The Budget doesn't directly give us real growth figures. It gives us a nominal growth rate of 11.1 per cent. Nominal growth is real growth plus the inflation rate. In this case, inflation rate is measured by what economists call the GDP deflator. The *Economic Survey*'s Statistical Appendix 1.2 allows us to deduce the implied GDP deflator. This was 4.2 per cent in 2020-21 and 8.4 per cent in 2021-22. To attach the due caveat, these aren't final figures, and 2021-22 was an exceptional year. The GDP deflator for 2022-23 will be around 4.5 per cent. This implies the Budget expects GDP growth in 2022-23 to be around 7 per cent, less optimistic than the *Survey*. Before the Budget, most people expected assumption of a nominal rate of growth of 13 to 14 per cent. The Budget is less sanguine and more cautious, not just for 2022-23, but beyond. There is still uncertainty. That's the reason Budget papers do not have a medium-term fiscal projection. To quote from the fiscal policy statement, "In this context, balancing the twin imperatives of growth and fiscal consolidation assume significance. Therefore, medium-term fiscal projections have not been provided in this Statement."

The pandemic knocked two years off from India's development trajectory, 2020-21 and 2021-22. 2020-21 was a decline. 2021-22 has an incipient recovery and all four elements of this incipient recovery (consumption, Government expenditure, investments and exports) have to be nurtured. Two years have been knocked off from the sustainable development goals (SDG) targets for 2030. Two years have been knocked off from the $5 trillion US GDP target. That $5 trillion target is expressed in nominal US dollars. That is, it is a function of real growth, inflation and the exchange rate. Depending on assumptions made about inflation and the exchange rate, we can deduce the required real rate of growth. The new Chief Economic Adviser (CEA) has mentioned 8 to 9 per cent. Article 112 of the Constitution requires an annual financial statement of the Union Government's receipts and expenditure to be placed before the Government. That's what the Union Budget is. Traditionally, Union Budgets have been scrutinised, applauded or disparaged, on the basis of annual tinkering with taxes and expenditure. However, as we reform, these are meant to be stable and certain. Notice that the finance minister didn't quote from the Apad Dharma Parva part of Shanti Parva, signalling that though there is uncertainty, the calamity is over. She quoted from the Raja Dharma sub-section.

One should now give a translation of the quoted *shloka*. This is the finance minister's translation. "The king must make arrangements for *yogakshema* (welfare) of the populace by way of abandoning any laxity and by governing the state in line with *dharma*, along with collecting taxes which are in consonance with the *dharma*." Translations can always differ in the choice of words, though not in substance. It is not the case that one is right and the other wrong. In the Mahabharata translation, this is how I translated the *shloka*. "The tax imposed on the kingdom must always be in accordance with *dharma* and in accordance with what has been decreed. The king must be attentive in ensuring unlimited *yoga* and *kshema*." I left the words *yoga* and *kshema* untranslated. The finance minister translated them together, as welfare. That's not wrong, but the words have different nuances. The two words occur together in 9.22 of the Bhagavad Gita too. अनन्याश्चिन्तयन्तो मां ये जनाः पर्युपासते। तेषां नित्याभियुक्तानां योगक्षेमं वहाम्यहम् ॥ Even those who haven't read the Bhagavad Gita are probably familiar with the योगक्षेमं वहाम्यहम् bit, since it is part of LIC's motto/logo. The word *yoga* has many meanings, but fundamentally, it is about acquiring what one doesn't possess. The word *kshema* is about preserving what one does possess. In the context of the Budget, I will interpret *kshema* as preserving a 7 per cent rate of growth and *yoga* as moving to 8 or 9 per cent.

The two planks of Government policy have been (a) growth and productivity, an enabling environment for entrepreneurship; and (b) inclusive welfare and empowerment of the poor and marginalised. Part of (a) can be interpreted as ease of doing business (not just the corporate sector) and part of (b) can be interpreted as ease of living. Mahabharata (especially Shanti Parva) is a good text to quote from, because in that day and age, it tells us that the priorities of a king were no different, though the words used were different. The *kshema* aspect of (b) is evident in dashboards, the president's address to Parliament, *Economic Survey*, *National Family Health Survey* (undertaken in the midst of the pandemic) and what's stated in the course of the Budget. The *yoga* aspect means extending it further, unleashing productivity, making land, labour and capital markets efficient, so that we move to that 8-9 per cent growth trajectory. That's what is meant by *Amrit Kaal*, and setting a template for India in 2047, so that India moves to the high human development category (as measured by UNDP's human development index) and the upper middle-income bracket (a per capita income of around $4,500). Covid, despite the disruption, didn't establish the Government has been wrong in what it has pursued since May 2014. Indeed, but for this, the Covid consequences would have been worse.

At one level, there is nothing new in the Budget. There isn't meant to be. There is continuity. ■

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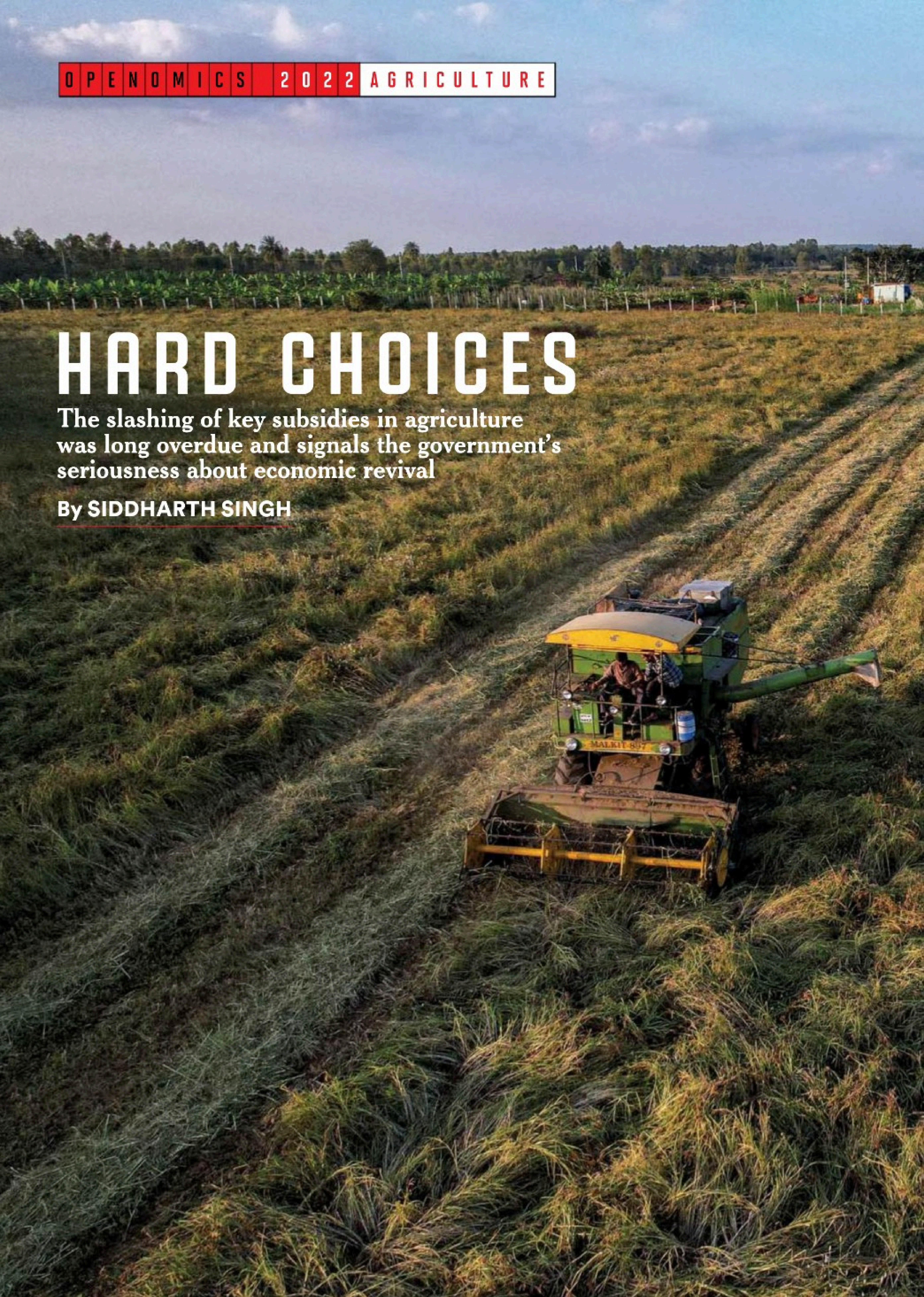

HARD CHOICES

The slashing of key subsidies in agriculture was long overdue and signals the government's seriousness about economic revival

By SIDDHARTH SINGH

A HARVESTER REAPING FINGER MILLET ON A FARM NEAR BENGALURU, DECEMBER 2021

Photo **AFP**

Union Budgets are often a 'please all' tool to buy support from diverse constituencies in India. The trend has been so pronounced that each Budget has its own set of 'winners' and 'losers'. But on February 1st, when Finance Minister Nirmala Sitharaman stood up in Lok Sabha to present the annual financial statement, she was very clear about what was needed to bring back a pandemic-battered economy on the rails.

What made her presentation exceptional was the absence of populist measures in a year when Assembly elections are due in five states. When one considers that farmers from Punjab and Uttar Pradesh (UP)—key agricultural states in election mode—have been agitating, the agricultural proposals in the Budget are nothing short of being brave and clear-sighted about the economy. The slashing of key subsidies was long overdue and signals the Government's seriousness about economic revival.

The provisions for agriculture in the 2022-23 Budget cannot be seen in isolation from the political economy of the Budget. In any Budget, the finance minister has multiple pulls and pressures on resources from a bewildering array of constituencies. It is an established fact that since the 1960s, government expenditures for the most part are a network of subsidies and populist spending for political reasons. No Government has been immune to such spending, even reformist ones.

In the case of the present Government, serious political capital was expended to reform the system. It was understood that agricultural subsidies could not be eliminated but at the same time the farm economy could be moved to a more productive equilibrium. If one sketches a line from the June 2018 address by Prime Minister Narendra Modi to double farmers' income by 2022 to the withdrawal of the three farm reform laws in November 2021, the trajectory neatly maps the change in agriculture strategy. The doubling of farmers' income depended on reforms with continuing support. The first part of the equation is gone. The second part, the continuation of unsustainable subsidies, was also open to question.

The slashing of subsidies in the 2022-23 Budget should be seen in this light. It was quite meaningless to continue with these subsidies largely cornered by rich farmers. The downward trend in these subsidies is now very clear. In 2020-21, the quantum of food and fertiliser subsidies was a whopping ₹6.69 lakh crore. Much of the food subsidy in that year was also due to cleaning of balance sheets by the Government. The Food Corporation of India's (FCI) accounts were opaque for a long time and were cleaned up that year. Even accounting for this extraordinary measure, the quantum of subsidies was gigantic. This figure came down to ₹4.26 lakh crore in 2021-22 (revised estimates). In 2022-23, this sum is budgeted at ₹3.12 lakh crore. This is an extraordinary pruning of subsidies often considered politically impossible to pare down. In an oped on January 31st, Ashok Gulati—a reform-minded economist—said that food and fertiliser subsidies along with items like PM Kisan would easily cross the ₹4 lakh crore mark and it was likely that they would even cross ₹5 lakh crore. That did not happen.

It is important to make a distinction between food and fertiliser subsidies and expenditures on schemes like PM Kisan and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Although the expenditure is all directed at the rural sector, subsidies mostly go to the rural rich while the latter are skewed in favour of the rural poor and marginal farmers. The latter expenditures are also important to maintain political order in a country with greatly skewed income distribution even if the money could be profitably spent on creating infrastructure. But after the launch of such schemes (MGNREGA), it becomes politically difficult to do away with them.

THE SHIFTING EMPHASIS FROM AGRICULTURE IS NOT JUST A CHANGE IN ECONOMIC STRATEGY. ONE WAY TO LOOK AT THE 2022-23 BUDGET IS THROUGH THE PRISM OF EMERGING CONTRADICTIONS WITHIN AGRICULTURE AND BETWEEN AGRICULTURE AND THE REST OF THE ECONOMY

GETTY IMAGES

FARMERS PROTESTING ON THE DELHI-HARYANA BORDER, DECEMBER 2020

Soon after the Budget was tabled, there were noises that the Budget did not have 'anything' for farmers. This was a clear hint at the slashing of subsidies. But much like political criticism of most Budget proposals, this one was also removed from the difficult realities of the past two years. It is worth noting that India's economy had begun slowing even before the Covid-19 pandemic struck the country. When the pandemic hit, droves of workers from rural areas who had migrated to cities in search of better lives marched back to their homes. Since then, the most vibrant sector of the economy—the services sector—has been the worst hit. That was also one of the biggest drivers of employment. The result is a mad rush for any and every job available. The problem is most acute in rural India and in those towns and cities that continue to have umbilical links with villages. The recent violence in Bihar and UP in the context of railway recruitments is a case in point. Such incidents of violence were just a warning about what might happen if job creation were not taken seriously.

INDIA NEEDS HIGHER INCOMES FROM REAL JOBS. THE GOVERNMENT HAS DECIDED TO BANKROLL HIGHER CAPITAL EXPENDITURES. THE 2022-23 BUDGET SEES A 35 PER CENT INCREASE IN CAPITAL EXPENDITURE OVER THE PREVIOUS YEAR

There were two options before the Government to handle this emerging situation. One was to go back to the tired formulation of stepping up consumption and incomes through doles. Programmes like MGNREGA and PM Kisan continue to provide a measure of support (both programmes total ₹1.41 lakh crore in 2022-23, a tad down from ₹1.65 lakh crore in 2021-22). Expanding these programmes, however, makes no sense: what India needs are higher incomes from real jobs and not artificially created work. The Government eschewed that option and decided to bankroll higher capital expenditures. The 2022-23 Budget has seen a whopping 35 per cent increase in capital expenditure over the previous year. At ₹7.5 trillion, capital expenditure amounts to 2.9 per cent of GDP. When this sum is added to grants-in-aid to states for capital expenditure, 'effective capital expenditure' rises to ₹10.68 trillion, or 4.1 per cent of GDP. This is the single largest allocation to this end in recent years.

What makes this allocation attractive is its emphasis on capital expenditures at the level of states, the 'real' setting for such spending. Last year, state governments could not undertake any worthwhile spending on this front as all available resources had to be mobilised for managing the pandemic. Given the poor state of state finances, it is only appropriate that the Centre stepped in with resources and help.

The shifting emphasis from agriculture/rural sector to making an earnest attempt to push economic growth via higher capital expenditures is not just a change in economic strategy but also represents a correction of sorts at the political level. One way to look at the 2022-23 Budget is through the prism of emerging contradictions within agriculture and between agriculture and the rest of the economy. These contradictions existed when Modi became prime minister in 2014. At that time, there were huge expectations that he would carry out reforms that would enable higher economic growth by clearing roadblocks to investment and industrialisation. But given the overall structure of India's politics, the room for doing so was limited. The fate of the multiple amendments to the 2013 land acquisition law and its repeated defeat in Rajya Sabha illustrated that clearly.

It was tough learning. From that time until November 2019, an attempt was made to take farmers' along by giving them opportunities to increase their income. But a section of rich farmers' from Punjab, Haryana and UP defeated that plan. Farmers from other key agricultural states like Maharashtra, Madhya Pradesh, Andhra Pradesh, etcetera did not join the agitation that held the Government hostage for more than a year. This is a contradiction yet to be resolved and the Government has wisely sidestepped this issue, for now. The usual programmes, such as PM Kisan, will continue but the focus has clearly shifted away from agriculture and rightly so. At some point, however, the issue of wasteful expenditures on ever-rising Minimum Support Prices (MSPs) and inequalities associated with them will have to be considered. Hopefully, the committee announced by the prime minister to review MSPs and other issues will examine the matter carefully.

The other contradiction that threatened to engulf the economy itself was between agriculture and the rest of the economy. It is high time attention was paid to capital accumulation and growth. One could always ask why this was not done earlier. One answer could be that in the two years of the pandemic, the priorities were different as they should have been. But at the same time, the changes could not be delayed beyond a point. If the elevated capital expenditures are to show any effect in economic outcomes, that will take time. Then there is the political calendar to be kept in mind: 2024 is just two years away. The shift in priorities could not have been delayed further.

The question that allegedly remains unanswered is: What next for agriculture? It is hard to give clear-cut answers to an issue that is so vexed. But the finance minister did mention in her speech that, "A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD. This is to finance startups for agriculture and rural enterprise, relevant for farm produce value chain. The activities for these startups will include, inter alia, support for FPOs, machinery for farmers on rental basis at farm level, and technology including IT-based support." This might sound anodyne but this is the way forward for growth in farmers' income and agriculture. The *Economic Survey* was equally forthright in spelling out the issue: "While the Government has adopted the use of MSP as signal to encourage crop diversification, there is also a need for co-ordinated action from the State Governments to facilitate the shift to high value and less water consuming crops to enable realization of the objective of doubling farmers' income in a sustainable way."

In these and other recent pronouncements of the Government on agriculture, there is a certain wistfulness that if only farmers' would understand the nature of what was attempted. Since that comprehension is missing even after all efforts at convincing farmers, a different—hard-nosed—policy approach is necessary. For the time being, the Government has taken the first step in that direction. ■

RESTRUCTURING

Technology and infrastructure have been put at the forefront of economic growth while the role of government continues to shrink

By RAJEEV MANTRI

In 2015, Prime Minister Narendra Modi raised an unprecedented aspiration when he asked, "Can we not dream of a $20 trillion economy?" In his 2021 Independence Day address, as India entered its 75th year of freedom, the prime minister spoke of the next 25 years as India's "*Amrit Kaal*", whose purpose was "to better the lives of citizens, lessen the development divide between villages and cities, reduce government interference in people's lives, and have the latest technology so that we are not behind any country in the world". Finance Minister Nirmala Sitharaman's Budget speech also echoed the *Amrit Kaal* vision set out by the prime minister and supports the realisation of the vision through concrete policy choices and programme commitments in technology and infrastructure.

India's defence sector has long ailed from two interrelated afflictions—insufficient capital expenditure, and a heavy reliance on defence equipment imports. Endemic corruption meant that governments would even desist from equipment modernisation. The cost of such political expediency and irresponsibility has been a chronic lack of readiness to manage all eventualities, including a possible two-front war with China and Pakistan. Under the present Government, the defence sector has seen a series of structural reforms, from the creation of the Chief of Defence Staff office to the corporatisation of the Ordnance Factory Board. In the Budget, Sitharaman took the reforms further by announcing that 25 per cent of India's defence R&D budget, amounting to approximately ₹2,000 crore, would now be opened up for industry, academia and startups.

While this is a small beginning, it represents a paradigm shift in the way India will develop defence equipment, embracing private sector capabilities fully and investing risk capital with engineers and technologists outside of the government establishment for the first time. Additionally, 68 per cent of defence capital procurement (previously 58 per cent), or about ₹84,598 crore, would be from the domestic defence production industry. There would be substantial downstream benefits from both these decisions, as India builds new capacities in aerospace and defence which heretofore were the preserve of government bodies and public sector companies alone. The bold initiative of building a defence-tech-industrial ecosystem led by the private sector would not be possible unless driven by a clean, honest Government that has built high credibility and earned widespread public trust. Additionally, the Government announced the creation of thematic funds in sunrise sectors, such as deep technology, climate action, pharmaceuticals and agri-technology that would be managed by private fund managers and would further support the country's growing domestic private equity and venture capital industry.

The coming together of the defence sector, which was largely cut off from the private sector for nearly the entire post-Independence period, and the technology industries, which, while newly prominent on the corporate landscape, have quickly become its principal change agent, will generate several positive spillover effects and prove to be shapeshifting for economic growth. Early benefits of the defence-tech-industrial ecosystem for national security can already be seen in the way high-tech drone and artificial intelligence startups are working with security forces and contributing new capabilities to India's arsenal.

Along with committing to the rollout of optical fibre internet connectivity to all villages by 2025, the finance minister also affirmed that 5th generation (5G) telecom services, which will provide ultra-high-speed data combined with low latency, would be launched in India this year. Several leading economies, including the US, China, South Korea and the UK, have already launched 5G services—so India is already behind the curve. The telecom industry has

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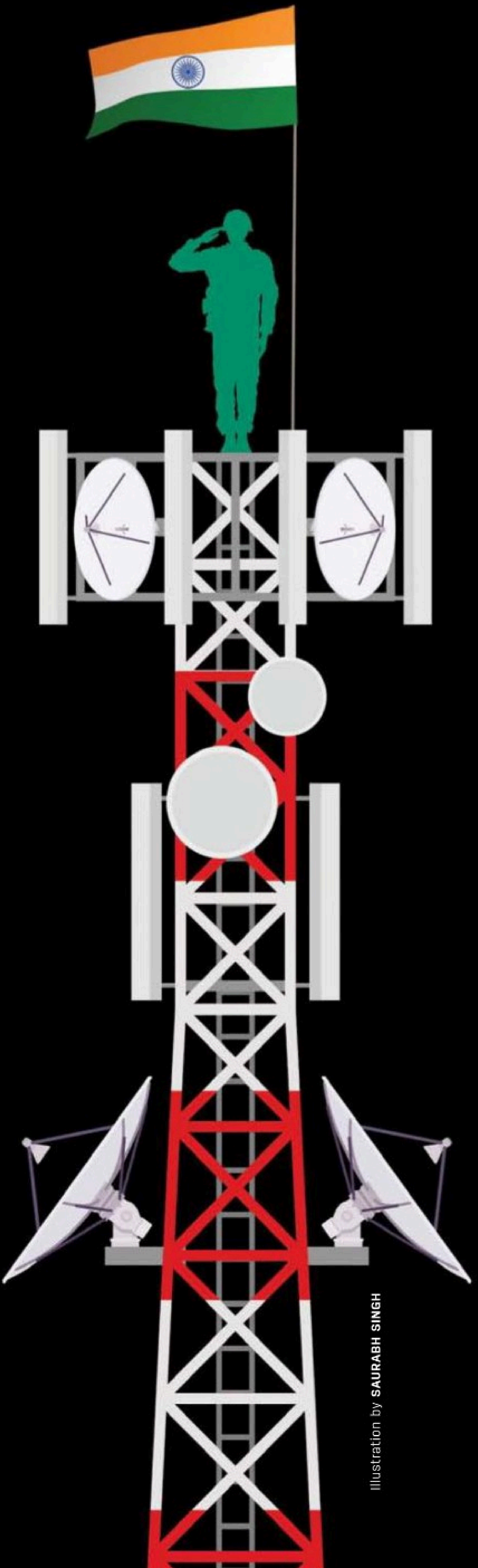

Illustration by SAURABH SINGH

gone through a series of upheavals, with several companies going bankrupt or shutting down, and finally saw long overdue reforms that reduced commercial uncertainty for the surviving businesses. This turmoil likely delayed India's 5G rollout. The advent of 5G creates opportunities for new hardware players to emerge and promises to enable a new category of software services and virtual experiences, given responsiveness and data speed that would be several times faster. With the India Stack-powered Unified Payment Interface (UPI) established as an unqualified success, India is already at the forefront of digital payments globally.

As India attempts to drive digitalisation across health, agriculture, education and retail through private entrepreneurship—alongside government initiatives, such as the National Digital Health Mission, Agri Stack, Digital Ecosystem for Skilling and Livelihood, and the Open Network Digital Commerce that would collate and supply the primitives for businesses, just the way UPI did for payments—achieving swift and broad-based 5G network penetration will unlock altogether new opportunities for hardware and software-makers alike. Unlike in earlier cycles, both electronics hardware manufacturing and software services industries are growing rapidly in India, and in the next phase these businesses will have access to a growing suite of digital public goods as well as India's vast and unified consumer market, already among the world's most rapidly expanding technology startup ecosystems on parameters such as growth in funding, emergence of unicorns and creation of new ventures.

BROAD-BASED 5G NETWORK PENETRATION WILL UNLOCK NEW OPPORTUNITIES FOR HARDWARE AND SOFTWARE MAKERS. THEY WILL HAVE ACCESS TO INDIA'S VAST CONSUMER MARKET, ALREADY AMONG THE WORLD'S MOST RAPIDLY EXPANDING TECHNOLOGY STARTUP ECOSYSTEMS

In a 2013 speech, then-Gujarat Chief Minister Modi had emphasised the power of technology to transform governance. He described government as the process of rulemaking and defining outlays, and governance as the delivery of public services measured by outcomes. As we close in on nearly a decade of Modi as prime minister, the Government has pushed to rearchitect the state and to restructure the economy—through efforts like the indirect tax reform, bankruptcy code, Aadhaar-powered direct benefit transfer (DBT) and other signature initiatives—in service of the vision of providing India with new rules and tangible results.

Two of the early actions had set the tone and direction of where Modi wanted to take India—first, dissolving the Planning Commission and replacing it with NITI Aayog, and second, the thrust given to the Pradhan Mantri Jan Dhan Yojana. The former brought a structural change in government by ending the fund allocation powers of political appointees over elected chief ministers, and along with the dissolution of the extra-constitutional National Advisory Council (NAC), the policymaking authority of the Cabinet and the Prime Minister's Office, defiled under Congress-UPA Governments, was restored. The Jan Dhan Yojana would go on to become the first letter of the now-famous JAM (Jan Dhan-Aadhaar-Mobile) trinity that has unrecognisably transformed welfare delivery and citizen services by enabling DBT into the recipient's account, and it is technology that underpins the JAM trinity, as today it includes practically the entire population of the country and is the backbone of fast, seamless, targeted welfare delivery. The DBT platform has been a superpower for India through the pandemic—even as some advanced economies struggled to deliver welfare benefits in the form of printed cheques, India transferred cash and benefits of over ₹10 lakh crore over two years electronically, straight to the recipient's bank accounts.

It is useful to remember a bit of history to see how far India has come over the last eight years. In the lead-up to the 2014 General Election, a yearning for change had emerged from the environment of despondency and hopelessness engulfing India. Inflation was raging, corruption scandals galore had dented public confidence in the political class, investors had become sceptical of the India story, and India Inc was seen in a poor light, having been in cahoots with the Government through many of the scandals and precipitating a banking sector crisis visible on the horizon. When Modi took office, the new Government had multiple crises to handle—from arresting a raft of economic challenges to rebuilding public confidence, all the while meeting the high expectations of voters, was a monumental task. In the last eight years, technology has emerged not just as an indispensable tool of governance across domains but it is now both the growth engine for the economy and a powerful catalyst to shake up incumbents across industries, motivating them to take more risks. Alongside technology, infrastructure creation has received relentless focus and it is inarguably the one area where the Modi Government has excelled, exceeding even an optimist's expectations.

As the second critical driver of India's path to a $20 trillion economy through *Amrit Kaal*, infrastructure and logistics require continued investment and comprehensive upgrade. While great strides have been made, with highly successful outcomes in highway construction, air connectivity, railways modernisation as well as port development, India has long ways to go. India needs to invest upfront so that infrastructure capacity across the country increases before the demand for it fully emerges, and that is what the Budget envisions by aligning the seven key areas of the PM Gati Shakti Plan—namely, roads, railways, airports, ports, mass transit, waterways and logistics infrastructure—with the related areas of the ₹1.97 lakh crore National Infrastructure Pipeline. To take one example, by ending the practice of the separate Railways Budget and giving the responsibility of running the railways ministry to able technocrats, the railways received the commercial focus and capital investment they sorely required. Between 2014 and 2022, the capital expenditure by the railways increased fivefold, and the electrification of the entire rail network will be completed by December 2023. The chief minister who had quipped in 2013 that if private cars can run on public roads, why can't private trains run on government-owned rail tracks is also striving to make that happen as prime minister, with efforts on to have private businesses operate trains.

INDIA NEEDS TO INVEST UPFRONT IN INFRASTRUCTURE CAPACITY. THAT IS WHAT THE BUDGET ENVISIONS BY ALIGNING THE SEVEN KEY AREAS OF THE PM GATI SHAKTI PLAN—ROADS, RAILWAYS, AIRPORTS, PORTS, MASS TRANSIT, WATERWAYS AND LOGISTICS INFRASTRUCTURE

The finance minister announced that effective capital expenditure would be ₹10.68 lakh crore, or 4.1 per cent of GDP, and with the fiscal deficit projected at 6.4 per cent, the Government is wisely betting on growth rather than tightening its belt too quickly. It should be borne in mind that quality of spending matters as much as the quantum of spending—and India is investing in the creation of productivity-enhancing physical infrastructure as well as high-impact social infrastructure programmes such as the Jal Jeevan Mission, which is on track to bring piped water to all households by 2024. The effect of programmes such as Jal Jeevan and PM Ujjwala Yojana should also be analysed from the perspective of the time saving they enable at the household level—one person in the household, typically a woman, is saved from the daily drudgery of chores like collecting firewood and water just to provide the most basic facilities for the rest of the family.

The Budget has provided a clear statement of intent by putting technology and infrastructure at the forefront for *Amrit Kaal*. It is policy and technology that are the principal drivers of change in an industry, thus affecting firms on aggregate. As industries change, so does the economy, where India has been trying to bring a balance between agriculture, manufacturing and the services sectors.

Much has been done to shore up competitiveness in manufacturing—among other efforts, the *Economic Survey* noted that 17 states had drafted rules for the labour law reforms passed by Parliament in 2020. While contact-intensive services industries are still reeling under the pandemic's impact, the Government provided a boost to the IT services sector by overhauling rules for BPO service providers, enabling BPO providers to operate under more relaxed rules that permit remote working. This is contributing to a mushrooming of such jobs in tier-2 and tier-3 towns.

Agriculture, which has been the most resilient to the pandemic-induced economic crisis, remains the least reformed, as the crucial farm law reforms were unfortunately withdrawn under agitational pressure. A segment where over 40 per cent of the labour force is dependent continues to enjoy tax-free income—this is an arrangement that is not sustainable and must be changed. While the Constitution doesn't permit the Union Government to apply a tax on agricultural income, states can do so.

GETTY IMAGES

THE NEW DELHI-VARANASI *VANDE BHARAT* EXPRESS (TRAIN 18)

At the very least, farmers earning above a certain threshold should be made to pay taxes. Related to this is the long-pending issue of direct tax reforms, which was once again not addressed by the finance minister. India needs comprehensive changes in direct taxation to fix anomalies in how capital assets are taxed. The rates for the highest bracket are also very high—and this is a consequence of a farrago of exclusions and exemptions granted over the years to different categories, thus transferring the responsibility onto the top income group. Direct taxes need a GST-style structural change to broaden the tax base and widen the tax net, including as many individuals and entities as possible.

While privatisation found no mention in the Budget, there has been enough action with the sale of Air India and Neelachal Ispat to generate confidence that the new policy committed to, whereby the Government would maintain only a "bare minimum presence" in selected strategic sectors and privatise all other Central public sector enterprises (PSEs), will be implemented wholly. While Union Government PSEs are analysed carefully for their performance or lack thereof, scrutiny should also be done for the state government-owned PSEs, many of which are veritable black holes of waste and corruption. Where Air India was pilloried for racking up ₹20 crore per day in losses, state PSEs have cumulatively incinerated on average ₹215 crore per day. In the spirit of federalism, states should follow the Union Government in ending this colossal abuse of public money.

It seems clear that the intent of the Government is to deemphasise the Budget as the forum for making all important policy announcements, and it has done so successfully. The transparency with which the accounts are being presented is welcome for analysts and economists, once again building public trust in the Government's intent and integrity. The Budget should now be seen as one of many policy statements made in the year by the Government. The discipline and focus with which the Government has worked bears out another observation made by Modi in his 2013 speech—he had jocularly said that India would be much better off if government leaders said "No" more often and bureaucrats said "Yes" more often. In the last eight years, by and large the prime minister and his Government have resisted populist pressures and lobbying by interest groups, sticking to an economic strategy. At the same time, the prime minister has managed to get buy-in from bureaucrats to execute on big-ticket programmes and projects, thus bringing new rules for the New India while delivering results that are affecting the lived reality of all Indians, especially the poor. If India can persist on this path, restructuring the economy with an eye on competitiveness and rearchitecting the state to focus only on select core functions, we may achieve the prime minister's target of a $20 trillion economy well before the close of *Amrit Kaal* and the centenary of independence. ■

Rajeev Mantri is Managing Director, Navam Capital and co-founder, India Enterprise Council. He is co-author of A New Idea of India: Individual Rights in a Civilisational State

CARBON NEUTRALITY GOES MAINSTREAM

Climate action and energy transition are now a part of the government's growth push

By ULLEKH NP

GETTY IMAGES

Ulka Kelkar, director of the climate programme at the World Resources Institute (WRI) in India, is glad that the Union Budget has highlighted energy transition and climate action as a key "vision" of the Union Government in the 25-year-long run-up to free India turning 100 in 2047. "Placing them as overarching pillars of India's growth strategy is quite a positive signal to the markets, workforce and the financial markets," she tells *Open*. Bengaluru-based Kelkar, also an economist, notes that it is perhaps for the first time that environment and climate priorities are not seen as separate from the growth of the economy. "Climate concerns have now been mainstreamed," she says. WRI is a non-profit that advises governments, businesses and other groups on sustainable development.

In her Budget speech, Finance Minister Nirmala Sitharaman called the 25-year period beginning this year "*Amrit Kaal*" before spelling out the visions of the Narendra Modi Government on the financial front. She also talked about the circular economy, stating that recycling will create new businesses and generate jobs. Meanwhile, for her part, Kelkar says that while she is looking forward to further announcements from the Government, she is delighted that energy storage has been made part of infrastructure development. "That is a big opportunity for businesses as well as students who can take cues from that statement in the Budget," she elaborates. "The action plans for 10 sectors, such as electronic waste, end-of-life vehicles, used-oil waste, and toxic and hazardous industrial waste, are ready. The focus now will be on addressing important cross-cutting issues of infrastructure, reverse logistics, technology upgradation and integration with the informal sector," Sitharaman said in her speech. This objective is necessitated by the fact that India is relatively short on critical minerals needed to make batteries. The Budget said that data centres and energy storage systems, including dense charging infrastructure and grid-scale battery systems, will be included in the harmonised list of infrastructure. It added, "This will facilitate credit availability for digital infrastructure and clean energy storage."

In line with the hopes that the Government would prioritise climate action in the Budget, especially since Prime Minister Narendra Modi had, at the Glasgow summit (COP26) in October 2021, made pledges to massively rein in carbon emissions, the finance minister's speech was peppered with

SOLAR PANELS BEING INSTALLED IN MUMBAI

expressions such as green (mentioned seven times), energy (20 times), sustainable (10 times), climate (eight times), clean (six times), and so on. Last October, Modi vowed to work towards achieving net-zero emissions in India by 2070 and non-fossil fuel energy capacity of 500 GW by 2030. His other targets, among others, included meeting 50 per cent of India's energy requirement from renewable sources. Experts have said that such ambitious greenhouse gas emission reduction targets call for trillions of dollars in investment, given that globally India is the third-largest emitter of carbons.

The likes of Swati D'souza, an energy analyst at the Institute for Energy Economics and Financial Analysis (IEEFA), feel that more needs to be done than using the right words in a speech and at a fast clip. "There is nothing material in the Budget towards addressing many climate-change concerns," she avers. D'souza, however, adds that there are some mitigating features, "The idea of a zero fossil fuel space is tempting. The announcement on green bonds is also a step in the right direction," she points out. Sitharaman said in her speech that "we will promote a shift to use of public transport in urban areas." She added, "This will be complemented by clean tech and governance solutions, special mobility zones with zero fossil fuel policy, and EVs (electric vehicles)." The Budget also said that as a part of the Government's overall market borrowings in 2022-23, sovereign green bonds will be issued for mobilising resources for green infrastructure. "The proceeds will be deployed in public sector projects which help in reducing the carbon intensity of the economy," it added.

Many analysts continue to be gung-ho about the future of the Hydrogen Energy Mission although more details are yet to be disclosed. The programme looks to link India's renewable energy capacity with the hydrogen economy. The Government asserts that it is determined to build a greener India and that the recommendations in the Budget are a testament to that resolve. Among the measures taken as part of the low-carbon development strategy, focus on solar energy is included. Sitharaman said in her speech: "To give a further boost to the non-conventional energy sector, I propose to provide additional capital infusion of ₹1,000 crore to Solar Energy Corporation of India and ₹1,500 crore to Indian Renewable Energy Development Agency." The Government also plans to build domestic capacity for solar energy. According to the Budget, "At present, to encourage domestic production, we are raising duty on solar inverters from 5% to

20%, and on solar lanterns from 5% to 15%.” It also said that 5 to 7 per cent of biomass pellets will be co-fired in thermal power plants to attain carbon savings of 38 MMT annually. The finance minister added, “This will also provide extra income to farmers and job opportunities to locals and help avoid stubble burning in agriculture fields.”

The Budget has also dwelled on what the Government has been harping about conserving energy. “Saving energy is an important aspect of energy management. Hence, energy efficiency and savings measures will be promoted. This will be done in large commercial buildings through the Energy Service Company (ESCO) business model. It will facilitate capacity building and awareness for energy audits, performance contracts, and common measurement and verification protocol,” the Budget notes. It also announced a voluntary vehicle scrapping policy with the aim of phasing out “old and unfit vehicles.” Sitharaman said, “This will help in encouraging fuel-efficient, environment-friendly vehicles, thereby reducing vehicular pollution and oil import bill. Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles.” Further details of the scheme are yet to be released by the finance ministry.

> “PLACING ENERGY TRANSITION AND CLIMATE ACTION AS OVERARCHING PILLARS OF INDIA’S GROWTH STRATEGY IS QUITE A POSITIVE SIGNAL TO THE MARKETS, WORKFORCE AND THE FINANCIAL MARKETS
>
> **Ulka Kelkar** director, climate programme, WRI India
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Sitharaman also spoke about the new measures to promote the use of vehicles run on non-fossil fuels, including electricity. Amid rising enthusiasm among car buyers, notwithstanding the teething problems on Indian roads, the Government had late last year launched a web portal titled e-Amrit, calling it a “one-stop destination for all information on EVs.” The portal is hosted by NITI Aayog in collaboration with the British government. A Press Information Bureau (PIB) release said on the occasion of the launch last October: “E-Amrit intends to complement initiatives of the government on raising awareness on EVs and sensitising consumers on the benefits of switching to electric vehicles. In the recent past, India has taken many initiatives to accelerate the decarbonisation of transport and adoption of electric mobility in the country. Schemes such as FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India) and PLI (production-linked incentives) are especially important in creating an ecosystem for the early adoption of EVs.” The finance minister’s pronouncements in the Budget gels with that drive to push the adoption of EVs. “Considering the constraint of space in urban areas for setting up charging stations at scale, a battery swapping policy will be brought out and interoperability standards will be formulated,” the Budget said. A battery swapping station helps EV users save time by exchanging a discharged battery pack for a charged one. The Budget also said that plans are afoot to enlist the private sector to develop sustainable and innovative business models for “battery or energy as a service” to improve efficiency in the EV ecosystem. The Budget added that for encouraging sunrise sectors, such as climate action, deep-tech, digital economy, pharma and Agri tech, the Government will promote thematic funds for blended finance with the government share “being limited to 20% per cent and the funds being managed by private fund managers.” PM Gati Shakti is also an initiative expected to give a huge fillip to climate action and energy transition in India. The scheme, according to the Government, is a digital platform to bring 16 ministries, including railways and roadways, together for integrated planning and coordinated implementation of infrastructure connectivity projects. In her speech, Sitharaman said, “PM Gati Shakti is a transformative approach for economic growth and sustainable development. The approach is driven by seven engines, namely roads, railways, airports, ports, mass transport, waterways and logistics infrastructure. All seven engines will pull forward the economy in unison. These engines are supported by the complementary roles of energy transmission, IT communication, bulk water and sewerage, and social infrastructure.” The minister also launched four pilot projects for coal gasification and conversion of coal into chemicals required for the industry.

The Budget acknowledged the limitations caused by climate change for India before setting aside funds and lining up plans to transcend them. Sitharaman said that the risks of climate change are the strongest negative externalities that affect India and other countries. She went on, “As the prime minister said at the COP26 summit in Glasgow, ‘What is needed today is mindful and deliberate utilisation, instead of mindless and destructive consumption.’” The Budget also said that several near-term and long-term sustainable development plans are in the pipeline even in agriculture where the Government wants to promote organic farming.

Kelkar sums up, “We now need the power of government incentives, aggregation and de-risking for clean energy to be complemented by standards for low-carbon materials, skilling for battery recycling, and consultative processes for green infrastructure projects.” These are, of course, early steps in a long road towards a transition to a low-carbon economy. But then it is often a good beginning that makes a good ending. ■

RISING FROM THE

RUINS

The post-pandemic investment outlook in India is improving and high-tech industries will continue to attract FDI

By SOUMYA KANTI GHOSH

Illustration by SAURABH SINGH

GLOBAL TRENDS

Covid-19 has materially altered the investment outlook and climate for new investments across regions. The impact has been felt across all heads of investments, namely, foreign direct investment (FDI), portfolio investments and domestic financed investment, both greenfield and brownfield.

The Covid crisis caused a dramatic fall in FDI in 2020. Global FDI flows dropped by 35 per cent to $1 trillion, from $1.5 trillion in 2019. This is almost 20 per cent below the 2009 trough after the global financial crisis. The decline was heavily skewed towards developed economies, where FDI fell by 58 per cent, in part due to oscillations caused by corporate transactions and intrafirm financial flows. FDI in developing economies decreased by a more moderate 8 per cent, mainly because of resilient flows in Asia.

FDI patterns contrasted sharply with those in new project activity, where developing countries are bearing the brunt of the investment downturn. In developing countries, the number of newly announced greenfield projects fell by 42 per cent and the number of international project finance deals—important for infrastructure—by 14 per cent. This compares to a 19 per cent decline in greenfield investment and an 8 per cent increase in international project finance in developed economies.

All components of FDI were down. The overall contraction in new project activity, combined with a slowdown in cross-border mergers and acquisitions (M&As), led to a decline in equity investment flows by more than 50 per cent.

The impact of the pandemic on global FDI was concentrated in the first half of 2020. In the second half, cross-border M&As and international project finance deals largely recovered. But greenfield investment—more important for developing countries—continued its negative trend throughout 2020 and into the first quarter of 2021.

Among developed countries, FDI flows to Europe fell by 80 per cent. FDI flows to Africa fell by 16 per cent to $40 billion—a level last seen 15 years ago. FDI in Latin America and the Caribbean plummeted, falling by 45 per cent to $88 billion.

Flows to developing Asia, the focus region of today, were resilient. Inflows to China increased, by 6 per cent, to $149 billion. Southeast Asia saw a 25 per cent decline, with its reliance on GVC-intensive FDI an important factor. FDI flows to India increased, driven in part by M&A activity.

The outlook from the point of view of international investment flow has improved. Global FDI flows were expected to bottom out in 2021 and recovered some lost ground, with an increase of about 10 to 15 per cent. This would still leave FDI some 25 per cent below the 2019 level. Latest forecasts show a further increase in 2022 which, at the upper bound of projections, would bring FDI back to the 2019 level.

Nevertheless, prospects are highly uncertain and will depend on, among other factors, the pace of economic recovery and the possibility of pandemic relapses, the potential impact on FDI of recovery spending packages, and policy pressures.

DOMESTIC INVESTMENTS

On the domestic investments side, the recent GDP figures of India for Q2 show that gross capital formation has grown by 24.4 per cent, although the pre-Covid levels are yet to be touched.

The impact of Covid was clearly visible. The fresh sanction of projects in the first half (H1) of 2020-21 dwindled to 68 projects, a record low compared to 137 projects sanctioned during H1:2019-20, clearly indicating the role of the pandemic. The majority of banks/financial institutions (FIs) reported 'Nil' projects during H1:2020-21, which points to a very subdued investment climate of the private corporate sector owing to pandemic-induced uncertainties. The second half of 2020-21 showed some signs of recovery in terms of number of projects, which got financial assistance from banks/FIs, though the investment climate remained subdued in terms of total cost of projects sanctioned by these entities.

As many as 144 Central infrastructure projects have reported delays (single and multiple) in their completion in the current financial year and the total cost overrun of these is ₹14,960.02 crore. The steps also include setting up of revised cost committees in the ministries for fixation of responsibility for time and cost overruns; regular review of infrastructure projects by the concerned administrative ministries; and setting up of Central sector projects coordination committees in the states under the chief secretaries for the removal of bottlenecks.

The Reserve Bank of India (RBI) infrastructure outlook survey informs that infrastructure companies also gauged a positive turnaround in their turnover as well as overall business situation from the contraction in the aftermath of the pandemic's second wave. Respondents assessed recovery in both full-time and part-time employment.

FINANCING OF INVESTMENTS

On the financing side, in all, banks and FIs sanctioned only 220 project proposals of private companies during 2020-21, a record low in recent years. The total cost of projects sanctioned, too, declined sharply to ₹75,558 crore in 2020-21 from ₹1,75,830 crore in 2019-20.

With almost flat new announcements of around ₹11 trillion reported in FY21 as compared to ₹10.8 trillion in FY20, FY22 looks optimistic with around ₹5.6 lakh crore investment announcements made so far in the last five months in FY22 (April-August), as per *Projects Today*. What is pertinent to mention is that around 70 per cent of this, that is, ₹3.84 lakh crore, is coming from the private sector and around 30 per cent is from the Government.

The phasing profile of envisaged capex shows persisting near-term risks to the private investment outlook in 2021-22. In 2021-22, new projects would shape the outlook for private investment; existing ones in the pipeline can get a fillip by deferred pipeline investment from 2020-21 to 2021-22, positively increasing the overall thrust to private investment.

On the FDI side, as already mentioned, India received record FDI in FY21. Notwithstanding the global slowdown and the pandemic, total FDI into India rose to a record $81.72 billion in 2020-21. During April-July this fiscal, FDI to the country increased by 62 per cent to $27.37 billion.

> DOMESTIC INVESTMENTS AND, IN PARTICULAR, PRIVATE INVESTMENT DEMAND HAVE SEEN SOME TRACTION IN H1 AND THE MOMENTUM WILL CARRY INTO THE COMING MONTHS

TOP INVESTING COUNTRIES: FDI EQUITY INFLOWS

Rank	Country	(US$ Billion)				Share (Percentage)			
		2019-20	2020-21	2020-21 H1	2021-22 H1	2019-20	2020-21	2020-21 H1	2021-22 H1
1	**Singapore**	14.7	17.4	8.3	8.1	29.4	29.2	27.7	25.9
2	**USA**	4.2	13.8	7.1	4.6	8.4	23.2	23.7	14.9
3	**Mauritius**	8.2	5.6	2.0	4.3	16.5	9.5	6.7	13.9
4	**Netherlands**	6.5	2.8	1.5	2.1	13.0	4.7	5.0	6.9
5	**Japan**	3.2	2.0	0.7	0.8	6.5	3.3	2.2	2.6
	Sum of Above	36.9	41.6	19.6	20.0	73.8	69.8	65.3	64.1
	All Countries *	50.0	59.6	30.0	31.2	100.0	100.0	100.0	100.0

Note: (i) *Includes inflows under NRI Schemes of RBI (ii) Figures are provisional

Source: Department for Promotion of Industry and Internal Trade (DPIIT)

SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS

Rank	Sector	(US$ Billion)				Share (Percentage)			
		2019-20	2020-21	2020-21 H1	2021-22 H1	2019-20	2020-21	2020-21 H1	2021-22 H1
1	**Computer Software & Hardware**	7.7	26.1	17.6	7.1	15.4	43.8	58.5	22.9
2	**Automobile Industry**	2.8	1.6	0.4	4.9	5.7	2.7	1.4	15.8
3	**Services Sector****	7.9	5.1	2.3	3.2	15.7	8.5	7.5	10.1
4	**Trading**	4.6	2.6	0.9	2.1	9.2	4.4	3.2	6.6
5	**Telecommunications**	4.4	0.4	0.0	0.4	8.9	0.7	0.0	1.2
	Total of Above	27.4	35.8	21.2	17.6	54.8	60.17	70.6	56.6
	Total FDI	50.0	59.6	30.0	31.2	100	100	100	100

Note: (i)** Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech
(ii) Figures are provisional

Source: Department for Promotion of Industry and Internal Trade (DPIIT)

The key sectors which attracted the most FDI include the services segment, computer software and hardware, telecommunications, trading, construction development, automobile, chemicals, and pharmaceuticals.

FDI flows to India increased, driven in part by M&A activity, amid the struggle to contain the Covid outbreak. Robust investment through acquisitions in ICT (software and hardware) and construction bolstered FDI. Cross-border M&As surged 83 per cent to $27 billion, with major deals involving ICT, health, infrastructure, and energy.

Large transactions included the acquisition of Jio Platforms by Jaadhu (a subsidiary of Facebook (US) for $5.7 billion, the acquisition of Tower Infrastructure Trust by Brookfield (Canada) and GIC (Singapore) for $3.7 billion, and the sale of the electrical and automation division of Larsen & Toubro India for $2.1 billion.

Another megadeal—Unilever India's merger with GlaxoSmithKline Consumer Healthcare India (a subsidiary of GSK, UK) for $4.6 billion—also contributed. India also saw significant FDI interest, second only to Vietnam, in renewables, notably wind and solar power.

India will continue to attract foreign investment in high-tech industries, given their market size and their advanced digital and technology ecosystem. Further steps like the rolling out of the PM Gati Shakti National Master Plan (NMP), single-window clearance and GIS (Geographic Information System) mapped land bank would help in attracting further investments.

FDI to India has been on a long-term growth trend and its market size will continue to attract market-seeking investments. In addition, investment into the ICT industry is expected to keep growing. The Production Linked Incentive (PLI) scheme designed to attract manufacturing and export-oriented investments in priority industries (for example, automotive and electronics) will drive a rebound of investment in manufacturing.

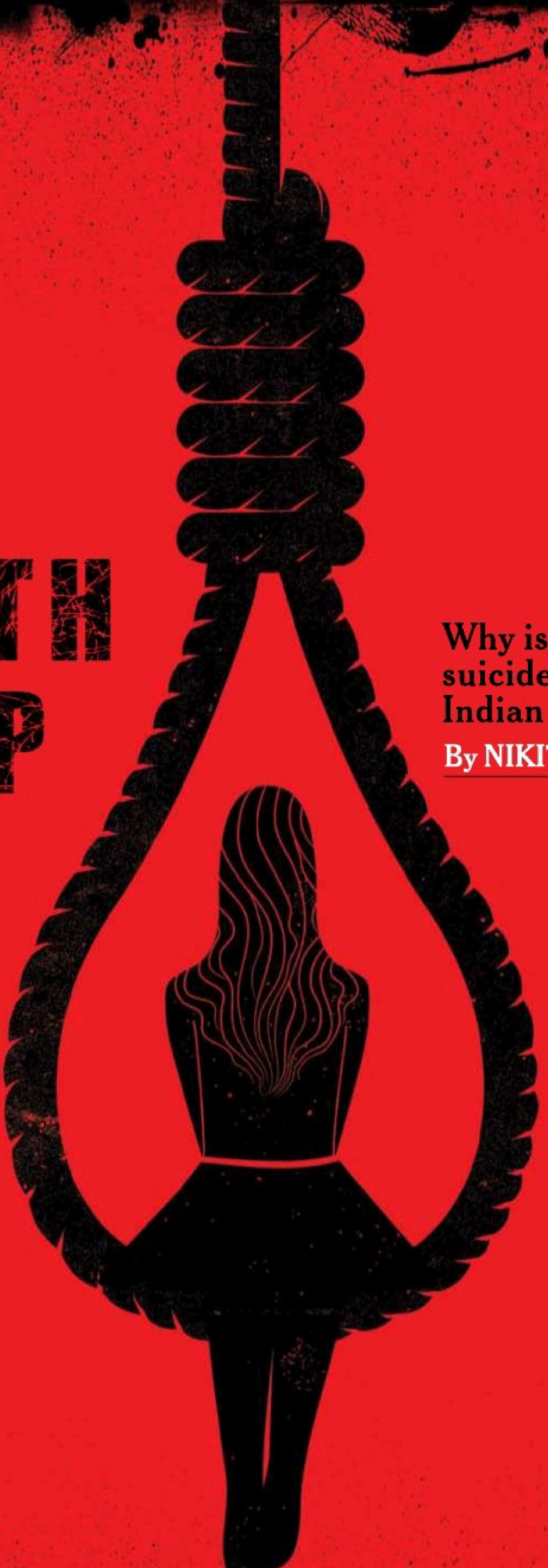
To summarise, the outlook on investments is improving, but there will be regional variations and dynamics affecting overall recovery. In Asia, the investment outlook is a bit more positive than in the US and Europe.

In India, the investment outlook after the Covid-19 shock is improving. Domestic investments and, in particular, private investment demand have seen some traction in H1 and the momentum will carry into the coming months. A part of private demand will be positively impacted by deferred pipeline investment from 2021-22 to 2022-23, increasing the overall thrust on private investment.

However, financing remains an important aspect of investment. With the possible rise in the federal funds rate, we may see some impact but overall demand may still dominate. Banks and capital markets will be key to taking the investments to their conclusion. The National Bank for Financing Infrastructure and Development (NaBFID) will begin business by approving the first loan for the project in the first quarter of the new financial year (2022-23), beginning in April 2022. ■

Soumya Kanti Ghosh is Group Chief Economic Advisor, State Bank of India

SOCIETY



THE DEATH TRAP

Why is the number of suicides among young Indian women rising?

By NIKITA DOVAL

Illustration by SAURABH SINGH

IT has been over six months, but her brother still chokes when talking about her. His 24-year-old sister had barely been married a year when she died by suicide. "She was the light of our home. She was so excited when she found the right match. My parents introduced her to a lot of suitors, but it was she who always took the final decision. He [brother-in-law] looked good, spoke well and charmed my sister from the first meeting," he tells *Open*. Dowry was demanded upfront but more in the form of 'assets' in order to "help the young couple start a new life." Cash, jewellery, furniture—the girl's family happily complied. After all, "it is just how things are." Only the demands never stopped. And then the violence began. Her pleas to come home were handled delicately by the parents and sibling. "It's not even been a year. He has promised he will stop. Try and make it work. We are with you." But the reassurances were eventually not enough. "It's not that we weren't worried. Or that we didn't support her. But we obviously failed her. I wish we had seen the signs. I wish we had never let her return to him after the first time he hit her," the brother says. The family alleges she was killed by her husband and a case of dowry death has been registered against him.

In 2020, 22,372 housewives died by suicide in India. In 2018, this number was 22,937. Data analysis has shown that every year since the turn of the century, nearly 20,000 housewives have died by suicide in India. What is perhaps more shocking than the figure is that this may not even represent the correct number. A 2018 report by *Lancet* stated that India's contribution to global suicide deaths among women increased from 25.3 per cent in 1990 to 36.6 per cent. For men, it went up from 18.7 per cent to 24.3 per cent. "The suicide death rate (SDR) in India is higher for men. But when we compare globally, the SDR for Indian women is really high," says Dr Rakhi Dandona of Public Health Foundation. She was involved in the Global Burden of Diseases, Injuries and Risk Factors Study, 2016, the findings of which were published in *Lancet*.

The National Crime Records Bureau (NCRB)—which records the number of deaths by suicides in India—aims to identify the different causes that lead individuals to take this step. These range from family problems to suspected illicit relations, love affairs and marriage-related issues. But just what exactly do blanket terms like "family problems" and "marriage-related issues" mean? "Suicide cannot be looked upon as a single-cause phenomenon. There is never any one issue, there is a progression of events, a multiplicity of factors that lead up to it. To attribute one single reason to it is akin to the fable of blind men trying to identify an elephant by its different parts. Don't look for a single cause," says Dr Soumitra Pathare, director, Centre for Mental Health Law and Policy, who also works actively on suicide prevention. For instance, domestic violence is not included as an independent 'cause' in the NCRB database.

Over the years, there have been innumerable attempts to explain the consistently high number of women killing themselves in India, even as the world over the rates—for women—have come down. "We have theories about why this is happening, but we don't have good research," says Dandona when asked about the complex relation between suicide and gender in India. From early marriage to lack of financial freedom, forced marriage, postpartum issues, there is a multitude of reasons, and yet not a single trigger that pushes housewives to take this step.

When it comes to suicide data in India, there are a few facts that have been consistent over the years. One of these is that the more prosperous and educated southern states like Tamil Nadu, Kerala and Karnataka have consistently had a higher suicide rate. "Women in south India are more educated, but education is not protection. There is a conflict of empowerment," says Dandona.

"With higher education, there are greater aspirations and a desire to seek out more opportunities. When women's expectations come up against traditional social conventions and their expectations are unmet, there is a greater chance of disappointment," says Dr Lakshmi Vijayakumar, founder of Sneha, a suicide prevention organisation based out of Chennai.

The 24-year-old who committed suicide after being allegedly tortured by her husband, ticked all the boxes in terms of being educated, computer literate and emancipated enough to choose her own partner, even though it was an arranged marriage. But despite coming from a seemingly loving familial setup, there was no conversation about leaving her abusive husband. Women are often advised to "bear with" domestic violence and abuse in the hope that it will eventually end. A divorced or separated daughter is still taboo in most parts of India.

The pandemic has only worsened the situation. In cases of domestic violence, women found themselves locked in with their abusers, a situation that would have added to their sense of helplessness.

It is a problem that has been acknowledged enough but attempts to either understand it or address it remains woefully inadequate. Policy focus on women in India is still firmly on issues like maternal health and family planning, says Dandona while acknowledging that suicide prevention must be multi-sectoral, involving different sections of government, from health to finance to legal recourse.

There are also lessons to be learnt from China—all factors considered—where female suicides have halved in over a decade. Largescale migration from urban to rural areas occurred, thereby giving women financial autonomy. The Chinese government also reduced access to means like pesticides. In fact, controlling access to pesticides does lead to a noticeable difference in suicide rates. In a 2013 study conducted by Dr Vijayakumar along with others, two centralised pesticide storage facilities were constructed in two villages chosen out of eight, through a lottery method, in a district in southern India. "Following the intervention, the differences between sites in changes in combined, completed and attempted suicide rates per 100,000 person-years were 295 for pesticide suicide and 339...for the suicide of all methods," concluded the study.

"Some things that can be done to reduce women suicides are to get more women working. India had 20.3 per cent women in the labour force in 2019, unlike China which had 60.5 per cent, providing safety nets when they suffer domestic violence, assistance to legal help, therapy during important events in life when there is increased distress, extended maternity leave and back-to-work programmes," says Nelson Vinod Moses, founder of Suicide Prevention India Foundation.

"When women's expectations come up against traditional social conventions and their expectations are unmet, there is a greater chance of disappointment"

Dr Lakshmi Vijayakumar
founder, Sneha

"You can't take NCRB as the gospel truth but even with all its loopholes, it will throw up trends. Suicides in India peaked in 2010, and then till 2015, we had a sustained drop. Then it picked up again"

Dr Soumitra Pathare director, Centre for Mental Health Law and Policy

However, when it comes to death by suicide, housewives aren't the only vulnerable group. Young adults in India are increasingly committing suicide, the numbers large enough to merit worries about a potential public health crisis. The age group 18-29 and 30-45 "were the most vulnerable groups resorting to suicide," according to the NCRB report. The highest percentage increase in the latest report was, in fact, observed among students. "Death by suicide went up by 10 per cent in 2020. The spike can be attributed to the pandemic, but the loss of human capital is so distressing," says Dr Vijayakumar.

One of the biggest issues in India concerning suicide is data collection. The only point of reference is NCRB, which in turn relies on police reports, and these are not always foolproof. "You can't take NCRB as the gospel truth but even with all its loopholes, it will throw up trends. Suicides in India peaked in 2010, and then till 2015, we had a sustained drop. Then it picked up again," says Pathare. The spike seen in 2020 follows no pattern, though daily-wage labourers made up for the largest share, presumably due to the lockdown. "If we look at women, the biggest spike was in the under-18 and over-60 age groups. This flies in the face of the previous data," says Pathare. The majority of deaths by suicide of Indian women is recorded in the 15-29 age group. It is difficult to identify trends, causality, multiple stressors if data remains inadequate. "In the absence of raw data from NCRB, we only have small, area, region-specific studies. Every age group, every region has different equations. For instance, in death by suicide amongst the under-18, girls outnumber boys. It is a very serious issue, and it is not even exam pressure as there were no exams in 2020. Suicide is a very complex issue, but the commentary around it is very simplistic," rues Pathare.

The world over, mental health is seen to have a very strong correlation with suicide. According to a 2021 paper on psychological autopsy studies of suicide in Southeast Asia, "the presence of pre-existing psychiatric morbidity and stressful life events were the two most common risk factors noted across settings." "But we have to realise that suicide prevention is not the domain of mental health professionals alone," says Dr Vikas Menon, one of the authors of the paper. "In our country, there is already an 85 per cent gap for treatment of mental disorders. We need to build awareness, foster programmes that change mindsets, schools should work on suicide prevention programmes so that awareness about mental health is inculcated from a young age. Teachers should be groomed to watch out for red flags among students. Right now, we have sporadic efforts that range from state-specific pesticide sale laws to interventions, but this is a systemic issue that needs to be addressed at various levels," says Menon.

There are structural gaps that need to be addressed if we are serious about bringing the suicide rate down. These range from a social security system to the implementation of laws meant for the protection of women. A 2019 study looked at the impact of a cash transfer programme started in Brazil in 2004 to attenuate the effects of poverty on Brazilians and the impact it had on reducing suicide rates. "If there is a social security system which a farmer can rely on when his crop fails, then he wouldn't take such a step," says Dandona.

What India has right now is a piecemeal solution approach, from helplines to banning the sale of poisons—in this case, pesticides—to spot counselling, as in the case of exam results. All these are secondary interventions. India doesn't have a national suicide prevention strategy although one has been in the works for some years now. This can help with what experts call a scaffolding approach that helps at-risk people navigate tricky situations. "We need to have a public health agency in charge of data collection as is the case with Census and the National Family Health Survey. Data helps you create solutions," says Pathare. There is also the Mental Healthcare Act, 2017, which promises mental healthcare to all. Its implementation is paramount. Interventions can be as basic as text messages that are an effective way to create awareness, decrease stigma and induce help-seeking behaviour.

"We need a large public engagement campaign to increase help-seeking. This must be Centrally driven, supported by state governments. Mental health and suicide should be treated as a public health crisis that needs immediate fixing," says Moses. ■

Photo GETTY IMAGES

Mithali Raj Cricketer

‘Whenever I feel Nervous, I Interact with the Youngsters. They Don’t Carry the Baggage of the Past’

She will be playing her last international tournament for India and will be eyeing the last missing piece of silverware in her repertoire. After 22 long years, a World Cup title is the only thing Mithali Raj longs for and it was more than evident when **BORIA MAJUMDAR** *caught up with her over Zoom the day she left for New Zealand for Mission World Cup. In a conversation that lasted over an hour, the captain of India’s women’s cricket team opened up on her cup dreams, her team, strike rate and the criticism that comes with it, playing Pakistan, and a lot more. Excerpts:*

Mithali, it’s the last time you are leading India onto the greatest stage of all. Thoughts about the World Cup?

Well, honestly, if I think about the World Cup, there is a bit of nervousness about how things will go for India, more so because it is going to be my last World Cup. But then, I have always believed in preparation, so if I am preparing well and preparing right, I take that confidence into the World Cup. And I have done all I can to prepare well. The sort of team that we have been building in the last two-three years for this World Cup and the way this team has been shaping up in the last two-three series, I feel reasonably confident that we will do well in New Zealand. What is important is that the team is doing well as a unit and it’s just a matter of gelling and performing on that particular day. That’s what we will have to do starting March 5th.

Tell me about the format: Is this a good format that you play all eight teams and then the semi-finals and the final, so that it’s not about one bad day anymore and it gives everyone a chance? Even if you have one bad day you can regroup.

I would prefer this, playing a league and then playing a knockout because you still get another chance, if you have a bad game, to come back. I still remember the 2013 World Cup. It was played in the Super Six format where we lost to England and then the game against Sri Lanka became a virtual knockout for us. We went on to lose that and were out of the Super Six being the host team in the World Cup. That was a disappointing tournament, largely because of the format obviously. It is always better to play a league because you can always make up even if you have a low net run rate. You can calibrate better and you can catch up with the teams later on in the tournament.

This World Cup, everyone will be looking at you. Does that pressure impact you?

Sometimes it does play on my mind, but as athletes that is how we are conditioned. It is important to focus on the current situation and how you counter that. I have figured out a way: whenever I feel nervous, I try and interact with the youngsters for they give off a very different energy. So it's nice to be around youngsters who don't carry the same amount of pressure that an experienced player carries into the World Cup.

Tell me more about this: Did you evolve this yourself or did it just happen?

There were times when I looked up to the team for confidence because as a captain there are games when you feel that pressure, that it is a do-or-die situation and you alone have to give confidence to the team. But there were a couple of situations where I looked up to the team and found seasoned players like Jhulan (Goswami) also under the same pressure. But then there are youngsters who don't care about all this because they are young and don't carry the baggage of the past. It is actually quiet refreshing. I remember this one instance in the Women's Challenger in Dubai. Shafali (Verma) was in my team. In the second game, I asked her if she wanted to bat or to field, and she said: "*Kuch bhi hoga didi dekha jayega*", "*kuch bhi ho hum* confidently *jayenge*". So, as a captain when you think you are not able to make a decision whether you want to bat or bowl, and you ask a youngster and she gives an answer like that then it eases some of the pressure and you also feel let's go out on the field and see what's in store for us.

Let's talk about the Mil-Jhul partnership. Twenty years together isn't easy!

I have always looked up to Jhulan for inspiration in difficult times. When you have her in the side and see her take that extra time out to bowl a single wicket, that motivates me, that I should find time out for the fundamentals as well. On tours it's always helpful to have a personality like her. There are times when I ask her opinion on how we should approach a match and her opinion is obviously important because she has played for more than two decades with me. She has also led the team and a different perspective is always helpful.

How pleased were you with Jhulan contributing with the bat?

I told her that she had finally come back to batting! I still remember when she was playing for Bengal. Bengal were able to defeat

The Indian team in the Test match against Australia at the Metricon Stadium on the Gold Coast in Queensland, October 3, 2021

GETTY IMAGES

Railways because of her knock. As batters it is our responsibility to score runs but the lower order contributing can help us win more matches. Also, as an experienced player, if she starts contributing seriously then it will also inspire the young pacers to contribute.

Are you happy with the way the young pacers have come through the ranks in the last year?

Meghna (Singh) has done well. Pooja (Vastrakar) had made her debut two-three years ago but the more matches they play, the more exposure they get. And with Jhulan at mid-on/ mid-off guiding them, it helps them understand the game better and it has also helped us gel well as both a batting and a bowling unit.

> “We have been able to give adequate opportunities to youngsters. In 2016, Smriti and Deepti were very young and they gained a lot of experience in the 2017 World Cup. I can say now that we do have a seasoned team. That’s what makes our 50-over team a formidable unit”

Indian players played The Hundred and WBBL (Women’s Big Bash League) last year and performed well. Does it help in the team’s preparation as they have played in different conditions?

It helps the individual for sure. The good part was that almost seven to eight players played in the WBBL this time and young players like Richa Ghosh also got the chance to play and any game time before an event like the World Cup is good. Although for experienced players like Harman (Kaur) and Smriti (Mandhana) it will be easy to switch from one format to another, for young players like Richa it will take some time. Having said that, sharing the dressing room with experienced players of other countries and listening to their ideas and opinions would have helped her prepare for the World Cup.

Sachin said he waited 22 years. Mithali has also waited 22 years. Something will happen. Your thoughts?

Fingers crossed (*laughs*). I hope so—that this will be *THE WORLD CUP* for the women’s cricket team. This is the best opportunity for sure. We have also got good practice thanks to the Board of Control for Cricket in India (BCCI). We played South Africa at home, we played England in England, Australia in Australia, and to play these teams on their home soil is tough in itself. Yes, the results weren’t what they should have been but the girls now know what is expected of them in their roles and that will help us going forward in this tournament.

Is 50-over the most settled format for India?

Over time we have been able to give adequate opportunities to youngsters, like in 2016 Smriti and Deepti (Sharma) were very young and they gained a lot of experience in the 2017 World Cup and then after that they have had a lot of exposure thanks to the different leagues they have been to. Since then we have given opportunities to youngsters and now I can say we do have a seasoned team. That’s what makes our 50-over team a formidable unit.

Have you been able to forget the final loss of 2017 or does it still haunt you in your sleep?

It took time for me to swallow the defeat but I don’t want to look back now. This is a fresh World Cup and with a fresh World Cup comes fresh challenges and I do believe that we, as a team, stand a very good chance in this World Cup.

How did you as a batter prepare for this World Cup?

Usually, what most of the athletes do at the beginning of their career and in the middle phase is that they concentrate on their physical and skill preparation. Rarely do we concentrate on our mental preparation. That is something I have started to do in the last one year because I know that I cannot be playing forever. And if not now, when? I want to tick every box when I prepare. I don’t have to limit my practice to only batting, fielding and physical training but also focus on my tactics, strategies and what kind of plans I want to work on. In practice, sometimes I put myself in tough situations, such as, say, we have lost six wickets and I still have a tail to bat with. That is how I prepare. Because preparation is something that’s in our control. I don’t know what will be the scenario in the World Cup but the best way is to prepare myself for every situation.

Do you speak to the girls about such situations? Do you tell yourself that if the first two wickets are down quickly then maybe you have to bat through the innings and the team has to reach 240-250?

We have seen a couple of games in England and in Australia where we had an early wicket and there was a game in which even I did not score runs and the likes of Yastika Bhatia and Pooja

Vastrakar contributed and, of course, Jhulan got crucial runs quickly towards the end. At the team meetings, we revisit these matches for the girls to feel motivated and make them understand their own role and the importance of their wicket. We can practise for every situation but the girls have to maintain that confidence in the game and believe that as a team we can still rally around and pull the game through (even after two-three wickets have gone down early). It's not just the top order but every girl who gets the opportunity has to contribute to the team's victory.

When I look back, what you have done is make women's cricket in India a serious profession, a viable profession for young girls to look up to. That's your legacy. You have made this sport a profession. Have you ever thought about it?

> “Women who are successful in sport are beacons of inspiration to women in general because sport is a level playing field where the cricket ball doesn't see whether it's a male cricketer or a female cricketer. It's important as a woman if you are able to inspire women from different fields, not necessarily sport”

I haven't given it that much thought but I truly believe—and I have said this in a couple of other interviews—that women who are successful in sport are beacons of inspiration and hope to women in general because sport is a level playing field where the cricket ball doesn't see whether it's a male cricketer or a female cricketer; it just travels at the speed at which it is thrown. It's important as a woman if you are able to inspire other women from different fields, not necessarily sport. I think that probably would be something I would be very happy to do and to see young girls take up sport really gives me a lot of joy. From where I have started in the 1990s, not knowing about women's cricket to a point where today the young girls, and just not young girls but boys too, look up to women cricketers as role models—that is a major distance travelled.

Do you think a good World Cup can push BCCI to go ahead with the WIPL?

Not just the World Cup but overall the girls are playing in leagues everywhere and most of them are getting the exposure and we have a good pool of players now. In the Challenger Trophy recently, we witnessed a very good standard of cricket with four teams. So, I think if we do really well in the World Cup, it definitely would play a huge role but otherwise also I think it's a good time because it's important to build a team for future tournaments. You are going to build a good team by giving them exposure in the domestic circuit, India A teams, India Emerging teams, and the U19 World Cup is there in 2023. WIPL will give a good platform to unearth talent and also to groom them.

Have you thought about the future? Mithali Raj as coach, mentor, or BCCI administrator? Have you thought about it or will you give it some thought after the World Cup?

I will keep that open for now. There could be many avenues for me after the World Cup, but right now it's the World Cup.

In England in 2021, after the first two matches, fans wanted you thrown out of the team but come the third match, and you are the greatest batter of all time! Any thoughts on such fickleness?

If you are passionate about the Indian team, clearly their emotions do flow when we lose one odd game. But again, for the players, we know that we have got to be patient. So do the fans because whether they do well or not, it is the Indian team. We represent the country. So, we are the ambassadors and we would definitely want to put our best game forward. It's a sport at the end of the day; you win some and you lose some. I would only wish that fans be a little more patient if we happened to have a small hiccup in the tournament.

Thoughts on the India-Pakistan match? Any particular team you have in mind for which you need to prepare specially?

At a World Cup, you prepare for every team and I would prefer to beat a team when they are at their best because then we are playing our best game. So, whether it's Pakistan, England or New Zealand, it doesn't matter. India have to win every game they play in the World Cup. If you keep asking me about India-Pakistan, clearly you are building the pressure now (*laughs*). No matter how many times we tell ourselves it's just another game, the build-up around that match and that day is always there from fans, from the media. But as players we look at the game as the start of the World Cup and we would like to start the World Cup on a winning note.■

TELEVISION

Diva of Defiance

Sushmita Sen has always been too individualistic for Bollywood's cookie-cutter heroines. She finally comes into her own with a web series where she plays a cigar-smoking, cold-blooded drug lord

By Kaveree Bamzai

THE RAISED HANDS, framing the mouth, a perfect O of amazement, echoed throughout India in 1994. As a teenager, all of 18, Sushmita Sen won the first Miss Universe pageant for India, striding towards the crown with a freshly won confidence from a newly liberalised country. In a glamour industry that has habitually infantilised women, Sen has always stood her own ground. Famous for the past three decades, as much for embodying global Indian beauty as she has been for pioneering a new kind of family, she has finally delivered on her potential with a stirring performance as a fierce mother-turned-drug boss across two seasons of Disney+Hotstar's international Emmy-nominated *Aarya*.

Not a moment too soon. In a film career with more stops than starts, she has usually played the distant object of the hero's attraction, most famously as a money-obsessed sophisticate to Salman Khan's married man in David Dhawan's comic *Biwi No.1* (1999) and the sizzling chemistry teacher to Shah Rukh Khan's officer-turned-student in Farah Khan's delightful caper *Main Hoon Na* (2004). But it is not so much her film roles as her real life that has had audiences in thrall, whether it is appearing hand-in-hand with her married lover, director Vikram Bhatt, on *Rendezvous with Simi Garewal* in 1997, or adopting a little girl as a single, unmarried woman in 2000.

As Radhika Parameswaran, Associate Dean, The Media School, Indiana University, Bloomington, says, Sen provides a complex template for a beautiful figure of transgression, a woman who meets beauty norms while at the same time flouting conventions of normative middle class/upper caste femininity, which dictate submitting to compulsory marriage, marrying a powerful and successful man, and then procreating. "She does defy and dare to disobey some of the entrenched rules of domesticity—she has had numerous relationships and none culminated in marriage. She allows her fans and audiences to participate vicariously in this seemingly cosmopolitan and westernised culture of defiant and disobedient womanhood, but at the same time her discourse of nurturing motherhood also reinstates her within the framework of dominant femininity, although with a different twist," she says.

And therein lies the reason for her enduring appeal, which *Aarya* taps into so well. She is the woman who will do anything to protect her children. "*Apne panje bahar nikalo* (Un-sheath your claws)," says Daulat, her family's long-time Man Friday, played by Sikandar Kher in *Aarya*. Sen, 46, has always had a maternal instinct. "My father would always say I would mother him and I would always say it's because he would call me Ma," says Sen, who is, as many Bengali girls are, lovingly referred

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SUSHMITA SEN

AFP

to as "Ma" by her parents. In *Aarya* too, as a woman who discovers her family's diabolical involvement in the drugs business and ends up alienating and then befriending Russian thugs, her primary instinct was always that of a protective, if wounded tigress, whether it was holding on to her children or exposing the children of her rival's family to a dangerous game of brinkmanship. As her co-star in *Aarya*, Maya Sarao, says, "She is warm, maternally caring, but at the same time, a great buddy as well." In real life too, having adopted two daughters, Renee in 2000, and Alisah in 2010.

WHAT YOU SEE is what you get with Sen, who engages with fans on Instagram with considerable honesty, whether it is informing them of a romantic break-up or of a debilitating illness. She did both recently, when she announced an amicable parting of ways with her younger model boyfriend, Rohman Shawl, as well as the return of a variation of Addison's disease, also called adrenal insufficiency, that struck her between 2014 and 2018. She had to keep it in check with steroids which wreaked havoc on her physical appearance in a world where perfection is the basic requirement. She started to put on weight and looked and felt like a different person. She worked through the second season of *Aarya* with a flare-up of the disease as an autoimmune condition, which meant she was running low on energy. "In the middle of a scene I would start coughing and my Veer [her older son in *Aarya*] would get me a glass of water. Everyone on set was so fantastic. But it was my body saying there were issues I had to deal with. My body gave up, refusing steroids," she says. But she needed to pull through, especially because she knew her children needed her and people in her office depended on her. She didn't have the luxury of staying in bed all day and says it was one of the best things that happened to her. She went to Germany and London for a surgery and is now waiting for new blood tests, she says. Ram Madhvani, the director of *Aarya*, says, "Working with Sushmita is not just about collaborating with an actor but being in the presence of an energy, an aura, and a world view (or should I say a universe view) that I feel privileged to have experienced."

Her warmth is innate. Tanuja Chandra, who directed her in *Zindaggi Rocks* (2006) where she plays a famous singer, says she is a loving person. That's the thing that reflects in her personality right from the start. "She's also funny, very smart, deeply interested in the life she lives and the people in it. She's an independent-minded, modern woman who has I'm sure, inspired many women in India to follow their hearts' deepest desires."

And finally perhaps the entertainment world has caught up with her, writing parts that fit her alert femininity. "The thing about cinema," says Sen, "is art imitating life, so you have to live your life, you have to observe life. I used to find it very interesting that as a young person, the Indian film industry or even the Western film industry would consider an actor's career done by the time they were 28. And you looked at it and you wondered because that is when you are starting to learn the lessons introduced by your teenage years. You barely scratch the surface of these in your twenties and then when you start to put the lessons into practice in your thirties, you go through a midlife crisis. It's so important to exemplify

SUSHMITA SEN IN *AARYA*

and celebrate life in all its facets in cinema. But then you're told your career is over." She goes on, "I have to say. I am one of the blessed few who despite being an actress since the '90s has been given this opportunity to come back and go past college love stories and dancing around trees. Thank God there are people today who are willing to do that. It's such a liberating time for everyone," she says. In the '90s, the industry was not sure what it wanted her to play. She was constantly told to be vulnerable, to play vulnerable, dress differently, not give interviews baring her life, be a lot more contained about her sexuality.

When she joined the industry, she was in her early 20s, and because she had started her life on the international stage at a very young age, she was forced to think beyond the norm. She got to explore the world and travel to 23 countries after not having gone beyond Sri Lanka. She was suddenly meeting people who had lived more, experienced more. At a very young age she learnt that she was a very small part in a very big picture. So therefore if she wanted to be part of the big picture, she had to be more of herself, to explore every opportunity with tremendous audacity and then she entered an industry where she was told to contain it. "'You come across too strong, no hero wants that,'" she was told. "'You don't look like the classic heroine. You're too tall, too thin.' Too many toos. And you're told, 'You don't have to sound so intelligent. It intimidates people.' And here I was thinking I didn't even sound that intelligent. Not being my best was already bothering people so imagine if I could be my best, what that would do. A lot of people told me a lot of things and because of my experiences with the world I took it with a pinch of salt. And I thought maybe it would take me decades to find acceptance and it did. But the question always was do I have the holding power to sustain this or do I change right now and be done by their definition at 28? I chose to evolve."

I AM ONE OF THE BLESSED FEW WHO DESPITE BEING AN ACTRESS SINCE THE '90S HAS BEEN GIVEN THIS OPPORTUNITY TO COME BACK AND GO PAST COLLEGE LOVE STORIES AND DANCING AROUND TREES" **SUSHMITA SEN** actor

She says she came from a modest and protected background with her father being in the Air Force so when life gave her an opportunity to make her country proud, she was in a state of tremendous gratitude and decided to work hard. The only way to live was to be true to that little girl that the world opened up for, and not lose that sense of wonder in the process of wanting to grow. To live by a need for approval and applause but to do things as respectfully as possible. "It's a fine line and it's taken me a long time to get here. I did have to watch my step. We're so conditioned to get in line and follow the herd. And it is at that point the easier thing to do. If everybody tells you something, it must be right. But I think that's changing slowly," she says.

So what advice would she give to that little girl? Nothing, she says. "I would take suggestions from her even today. The only thing I would tell her is, 'Never ever lose this wonder, young lady.' When in trouble or crisis I have a way of referring to the DNA of that little girl. What she accomplished with no experience, no putting up a front, no financial support, that was so pure," she adds.

Not everyone's honesty is accepted or applauded, she says. She took certain calls in her life—whether it was to speak up or be silent, stay with someone or walk away from someone—she was always going to be honest to herself. "If people find a source of inspiration and motivation in it, then I am like wow," she says.

Aarya has given her a role she can enjoy. She has now become even more selective. She has manifested *Aarya*, she says, and is now going to do something similar with a love story with Shah Rukh Khan. "It's big on my wish list," she says, "to leave behind a feeling, which is more than a film." And to always be that 18-year-old in spirit whose life changed, but whose accomplishment wasn't just hers but on behalf of an enthralled country. ■

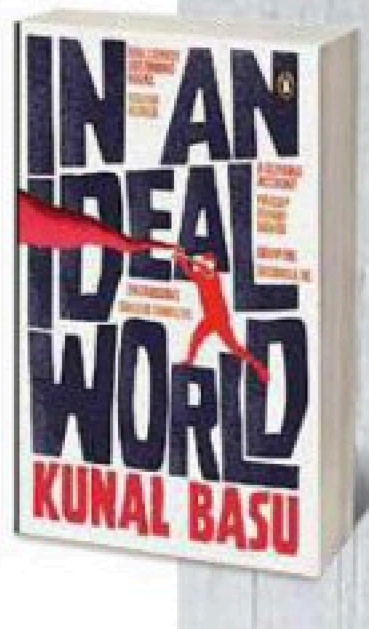
OUR BRAVE NEW WORLDS

Kunal Basu's latest novel explores the conflict between different versions of India

By Antara Raghavan

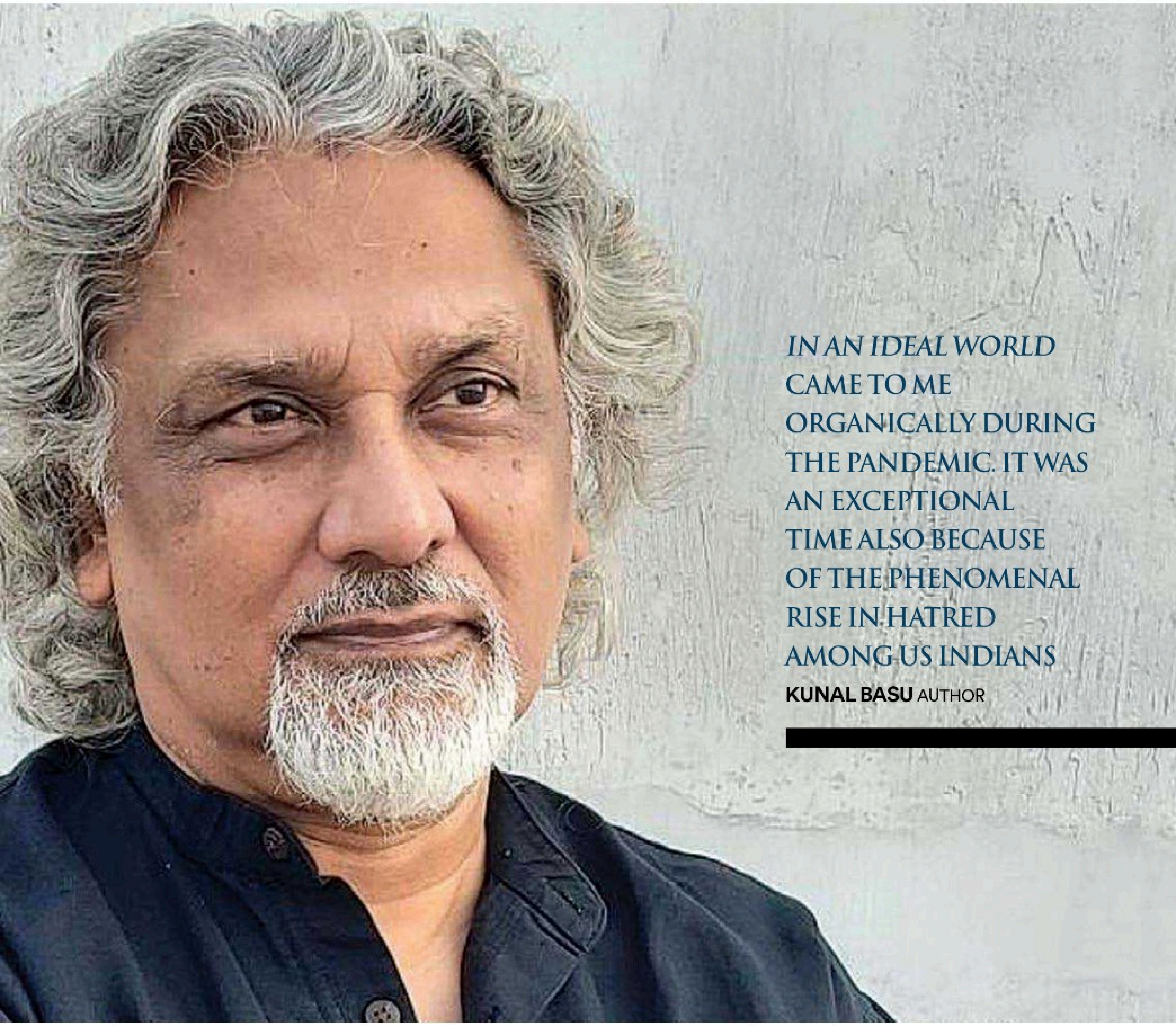
ONE OF THE major questions of our time is, what kind of society are we becoming? Noted author Kunal Basu's latest novel *In an Ideal World* (Viking; ₹599; 208 pages) is an exploration of this question and an attempt to understand why it needs to be asked. Basu, who is the author of seven novels and a collection of short stories in English, four novels in Bengali, teaches at Oxford's Said Business School. His writing explores ideas and dilemmas that confront all lives. Starting from his debut novel *The Opium Clerk*, (2001) set in 1857 Calcutta, and irrespective of whether he is writing in Bengali or English, historical or contemporary fiction, Basu looks at, "complexities in our society which we need to address with respect and sensitivity".

In an Ideal World is set around a Kolkata upper middle-class family. Bank manager Joy Sengupta and his wife Rohini, head teacher at a large school, are liberal, though not actively engaged in politics. Their world is disrupted when they learn their teenage son Bobby, studying Computer Science at a private university in the small town of Manhar, has become a leader of a Hindutva group called the Nationalists. More alarmingly, Bobby may have been involved in the disappearance of a Muslim student, Altaf. The novel deals with Joy and Rohini's attempt to find out the truth behind Altaf's disappearance and to extricate Bobby from the thrall of the Nationalists. Bobby's new perspective is extreme. He says, for instance, that the college history professor is corrupting students, and is, "Making them slaves to foreign ideas... having them believe that all good things have come from Muslim and Christian invaders." The couple go to Manhar to investigate and the story moves between the alleys and hubs of the town, and the upper-class living rooms of Kolkata.



Kolkata, where Basu grew up, is a common setting in his novels: *Kalkatta* (2015) explores the city's underbelly of prostitution and neighbourhood gangs of the '70s; his previous novel, *Sarojini's Mother* (2020), has a woman coming to the city to look for her biological mother. In this book, added to the themes of identity and belonging, is the search for where a country is headed.

Speaking to *Open* from Kolkata, Basu, 65, says he never starts novels with a theme in mind; instead, he starts with a story. "*In an Ideal World* came to me organically during the pandemic. It was an exceptional time also because of the phenomenal rise in hatred among us Indians." While differences in opinion had always existed, there was for the most part a tacit understanding to disagree civilly. That code is now replaced "by a climate of vitriolic hate". Now, "Disagreements are branded anti-national, inviting the wrath of the authorities. This is not simply a political matter; it's much more than a clash between rivals, such as the BJP and the Congress." Basu's novel does not mention the 'Congress', 'BJP', 'Marxist', 'Naxalite', or 'Communist', or even current leaders. Instead, the novel's conflict is the one which he says is "Tearing at the core of our civilisation, centred around the question, what kind of a nation are we? One side of the polarity has us as a secular, pluralistic nation. The other view is that of India as a Hindu Rashtra—a land, primarily, for the Hindus. This division has occupied our political and psychological space, and permeated our



IN AN IDEAL WORLD CAME TO ME ORGANICALLY DURING THE PANDEMIC. IT WAS AN EXCEPTIONAL TIME ALSO BECAUSE OF THE PHENOMENAL RISE IN HATRED AMONG US INDIANS

KUNAL BASU AUTHOR

families and close relationships."

This division occurs within the Sengupta family. What made Bobby turn against the liberal positions of his parents and embrace the Nationalists' cause? Was it simply a late rebellion against his parents? Joy and Rohini believe that they have followed the liberal stance of not brainwashing their child, allowing him to form his own ideas. However, as the novel illustrates, as they didn't brainwash their son, someone else did. Bobby lacked a defence when exposed to the vitriolic ideology of the Nationalists. Extreme ideologies are historically attractive to the young—both the extreme left and the extreme right can sway them with facile solutions to complicated problems, says Basu. "It was just so with Naxalites in Bengal, who advocated assassination and terror as tools to bring about a revolution. Obviously, that experiment failed miserably." He had seen this growing up in Bengal in the 1970s. The growth of private universities in regions remote from population centres, says Basu, also has a part to play in shaping youthful political opinions as well. Isolated from the mainstream, many students lack realistic reference points, and the intellectual hardware to argue against political recruiters.

Additionally, the novel implies if students like Bobby are not consistently encouraged to read, they may become more susceptible to extremist views. His father Joy remembers how Bobby "cleared out storybooks bought by his parents over the years from his bookcase, and replaced them with exam preparation guides." Joy goes to his own study and looks at the shelves. "*Live Free or Die*... Gorky's *Mother*. Books that had lived through police raids and floods." Basu points out many students and parents focus on academic excellence purely for material success, "as opposed to appreciating the value of a broad education for enlightenment."

The book asks why would a child of well-to-do and progressive parents, who has no real grudge against the state or minorities, take to right-wing extremism? Basu's view is that children of struggling families see more facets of life and can form their own ideas. "But with someone like Bobby, a solitary idea bore fruit easily in his uncultivated mind."

Joy himself had been a part of his college's political scene. He was eager for the great Revolution of the Left. Superficially, this is not unlike the author's own student days when he was a leader in the Students' Federation of India and an active member of the Communist Party of India, though he subsequently left. Basu, however, stresses that Joy was not modelled in his image. "I've known many individuals who in their student days were, loosely, what you would call progressive. They were political activists, and some were involved with theatre, literature, music, etcetera." But many, like Joy, later moved away from their expressed ideologies.

RARELY DOES AN AUTHOR BEGIN LIFE FOLLOWING THE SOLITARY AMBITION OF WRITING AND DOING NOTHING ELSE. I HAVE TAKEN THE SCENIC ROUTE BUT ENDED UP SQUARELY AS AN AUTHOR

KUNAL BASU

While Joy is the primary narrator, Rohini is also a force in the story. She is more pragmatic than Joy, and pretends to be sick to lure Bobby back to Kolkata to get the truth about Altaf out of him. It is mostly her drive that pushes the effort to extricate Bobby from his new cause.

One of the strengths of *In an Ideal World*, is that Bobby is no villain and nor are his parents faultless exemplars. In some ways, Bobby is a device to analyse his parents and their kind, with their comfortable, open-minded lifestyle, their calm assumptions of virtue, who distance themselves from the mess of contemporary politics. Bobby has several redeeming moments. For instance, he empathises with their house help, who helped raise him, and has a seriously ill son. He finds his liberal parents' cursory concern unacceptable. Such instances are what partly lead him to choose a different path.

Joy recognises his son's alienation to some extent, but tries to imagine a situation where urban, educated liberals content with discussing politics at parties meet small-town, down-to-earth, rigid conservatives, and asks himself: which then is the real India? The question remains open in the novel.

As Basu warns, such situations of right-wing extremists overrunning universities are not just likely, they are actually happening. "You simply need to attend to social media to find posts from all parts of the country, sometimes from people who are apparently well-educated, spouting rabid hate. News of campus eruptions are all too frequent."

This novel, well-paced and gripping, with plausible characters, although Bobby is a less believable figure, shown solely to be a prisoner of his ultranationalist views. What the book brings out vividly is that extremism is closer to home than we realise.

Uncomfortable realities are a constant in Basu's works. He experiments with languages as well as different genres. His first four English books are all historical fiction. Although he's not a professional historian, he's always loved history and grew up with a rich palate of historical novels in Bengali, like those by Bankim Chandra Chattopadhyay. "It is definitely a possibility that I'll go back to historical fiction, if such a story appears to me and arrests my mind."

As a bilingual writer, the language Basu chooses to write in is determined by the imagery of the story that appears to him. "My short story *The Japanese Wife* (2008) is set in the Sundarbans, so it could have been written in Bengali. But the first line of it appeared in English in my mind: 'She sent him kites.' That set me down a particular linguistic path." His third Bengali novel, *Tejaswini O Shabnam* (2008), translated as *The Endgame*, is set in Iraq and involves two Indian women during wartime. Although it's a global story, the impetus to write it occurred during a visit to a Bengal village where he met young girls who were rescued from trafficking. That starting point prompted the choice of the language.

Inevitably Basu places great importance on translations and feels they are not given enough importance. "My late mother was a prolific author of Bengali fiction. Not a single piece of her work has been translated into English. It is our misfortune that some noteworthy Indian authors haven't been read beyond their native milieu." Although translations into English and other Indian languages are now taken much more seriously, he feels there's still a long way to go.

Basu's eclecticism is mirrored by his career, as he studied mechanical engineering, then worked in advertising, filmmaking, freelance journalism, teaching, and writing. "Rarely does an author begin life following the solitary ambition of writing and doing nothing else," he confesses. Although the arts dominated his consciousness from an early age, his professional and vocational choices haven't necessarily reflected his passion, but demands of circumstances. As he says, "I have taken the scenic route but ended up squarely as an author." ■

Lingering Shadows

The pathos and prowess of three recent poetry collections

By Aditya Mani Jha

TO ASK SOMEBODY why they read (or indeed, write) poetry is a loaded question at the best of times. Which is to say, poetry is perhaps the most intimate of literary forms and with intimacy must necessarily come pathos and vulnerability and danger; monsters under the bed that you and you alone can see. I've found that the poems I remember most clearly, the ones that command that extra bit of attention, excel at merging the personal with the identifiably universal. During this merging the poem cannot stop at saying something honest—it must say something true, perhaps something uncomfortable or even uncomfortably funny.

Recently I read three books of poetry that fit this bill in their own distinctive ways: Sridala Swami's *Run for the Shadows* (Context; ₹499; 88 pages), Rohan Chhetri's *Lost, Hurt, or in Transit Beautiful* (HarperCollins; ₹399; 72 pages) and Nabaneeta Dev Sen's *Acrobat* (translated by Nandana Dev Sen; Juggernaut; ₹499; 184 pages).

Lost, Hurt, or in Transit Beautiful is Chhetri's second book of poems (after 2016's *Slow Startle*, published by The (Great) Indian Poetry Collective), begins with a gruesome spectacle in a poem ominously titled 'King's Feedery'.

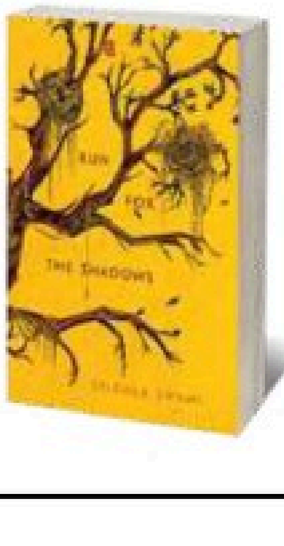
"After the rape & the bloodbath, the savage king / & his men retired to a long shed built in an open / field by a thin river fashioned for this lull in the pillaging / so the horses could rest. One by one, they scrubbed / blood off their fingers & faces & sat down to devour / a feast of rice & goat served by the villagers."

This reads like a richly imagined, tactile evocation of a medieval massacre, something that surely took place hundreds of years ago. But the poet reveals that this legend is, in fact, told at a local lodge (near his childhood home) whose Bangla name means, literally, 'King's Feedery'. This lodge becomes the bridge for the poem to switch from historic sweep to familial grief: "We say Death stays here when it visits someone in the family". From that point on, the poem slips into mini-obituaries for three different family members.

It's a perfectly executed sleight-of-hand and it's a refinement on a certain tonality Chhetri developed in *Slow Startle*, a way of looking at the past. In that volume, the poem 'Blueprint Among the Ashes' begins with this startling moment: "The old man loved his sleep, / my mother remarked to the visitors / a week after Grandfather died. / I was twelve / & the cruel metaphor wasn't lost on me." The very next poem, 'On Not Visiting Him This Year' introduces his maternal grandfather's deafness-in-progress with the line: "I pictured him snipping little wires of communication with the world using a pruning shear."

Chhetri's work, therefore, has distinct 'movements' that build up to a mood or a point of view. *Lost, Hurt, or in Transit Beautiful* has four parts: 'Katabasis', 'Locus Amoenus', 'Erato' and 'Grief Deer'. The opening section, for instance, is a reference to the twin theoretical terms katabasis and anabasis, indicating (literary) 'descent' and 'ascent', respectively. *Notes from the Underground* is clearly an example of katabasis, as is the Salman Rushdie novel *The Ground Beneath Her Feet* (it even uses the legend of Orpheus' journey to the underworld to drive home the classical point).

In this book, nowhere is this descent clearer or more harrowing than the poem 'Lamentation for a Failed Revolution', which draws upon the Gorkhaland Movement. In a recent interview, Chhetri (who is Nepali-Indian himself) said that this poem is about "the last iteration of (…) a hundred-year-old movement demanding self-determination and a separate Indian state for the Nepali-speaking population



Sridala Swami

Illustrations by SAURABH SINGH

Nabaneeta Dev Sen

in West Bengal". It's easily one of the most memorable achievements of this book, deriving its structure once again from ancient Greek sources: this time, "the *Moirolói* and the ritual lament tradition in ancient Greek." The Greek lament depends on a call-and-response tandem between choirs. Observe how beautifully Chhetri adapts this structure on the page:

"I sat at home paralyzed   On TV blared
their newsrooms   gagged ours boarded nailed
shut I watched *The Turin Horse*   that horse manifesting
a dumb mutiny   in a world about to go still
Winter of 1986:
Grandfather home after   a week in the lock-up
hung by the feet baton-blued   calves taste of dirt"

The Turin Horse is Bela Tarr's 2011 black-and-white film about the philosopher Friedrich Nietzsche's last days; he was rumoured to have suffered a mental breakdown upon witnessing a horse being whipped in Turin. With such primal imagery, Chhetri envelops the poem's titular revolution in a kind of Nietzschean bleakness, wherein entities like god or the human soul have no currency.

"Soon we understood what we were
up against, an unfathomable hatred.
They hated us just like they hated those others,
like we hated those others."

Cycles of violence are visited upon the land in this way. Or as Chhetri locates these cycles, through a child's point of view, "Every failed revolution is a child learning the edge of himself / Every revolution is a child grown before fire".

An altogether different kind of revolution lies at the heart of 'Take Back the Night', one of the many powerful short poems in Nabaneeta Dev Sen's last collection *Acrobat*. Dev Sen (1938-2019) was a prolific bilingual writer, translator and academic who wrote scores of books across genres in Bangla and English. A handful of the poems in this volume were originally written in English (a political choice on the poet's part; she believed Indian writers ought to do more for their own languages) while most have been translated by Nandana Dev Sen, the poet's daughter. 'Take Back the Night', all of six lines and 44 words long, shares its name with the 70s-era international non-profit that seeks to end sexual and domestic violence.

"Man: In the twilight, I could still hear the lark
Woman: The night was moonless, oppressively dark
Man: In the flowering woods, a night fairy walked
Woman: In the Sundarbans the man-eater stalked
Man: In that fragrant springtime air
Woman: Blood-drenched remains lay there"

With great economy, this poem delineates the differences between the man and the woman's perspectives on the forest (the man's waxing poetic, while the woman's words are ominous), and on the nature of mythmaking itself (the man dreams of fairies while the woman fears a man-eating tiger, an obvious stand-in for predatory men). The unspecified "Man" and "Woman" pronunciations give this poem an air of timelessness, which is par for the course for *Acrobat*. At several points in the collection the poems play with concepts of time dilation, new ways of connecting the past and the future, and so on.

In fact, in the titular poem, the 'acrobatics' being referred to are temporal.

"She thought she knew acrobatics rather well.
That she could juggle time with both hands,
Play with the now, right next to the then (...)"

Of course, the playfulness or the 'juggling' does not stop on time. Dev Sen was just as interested in the possibilities of language itself, in the endless iterations and hybridisations that mark the 'games' poets play. Indeed, in her 1985 book *Counterpoints: Essays in Comparative Literature*, she described the writer as "a god in his own right", with the ability to create entire worlds.

"(...) it is up to man again to re-establish order, as Oedipus won over the Sphynx by rediscovering the original purpose of words." The game that the writer plays is much like the challenge Oedipus accepted at the gate of the city of Thebes. Language is the Sphynx that must be tamed, words must not fly away from thought.

Here, in a poem called 'Combustion' she compares language to a literal volcano.

"As powerful
As that volcano range
Is this range of alphabets
Touch it
And you'll burn to ashes
Instantly"

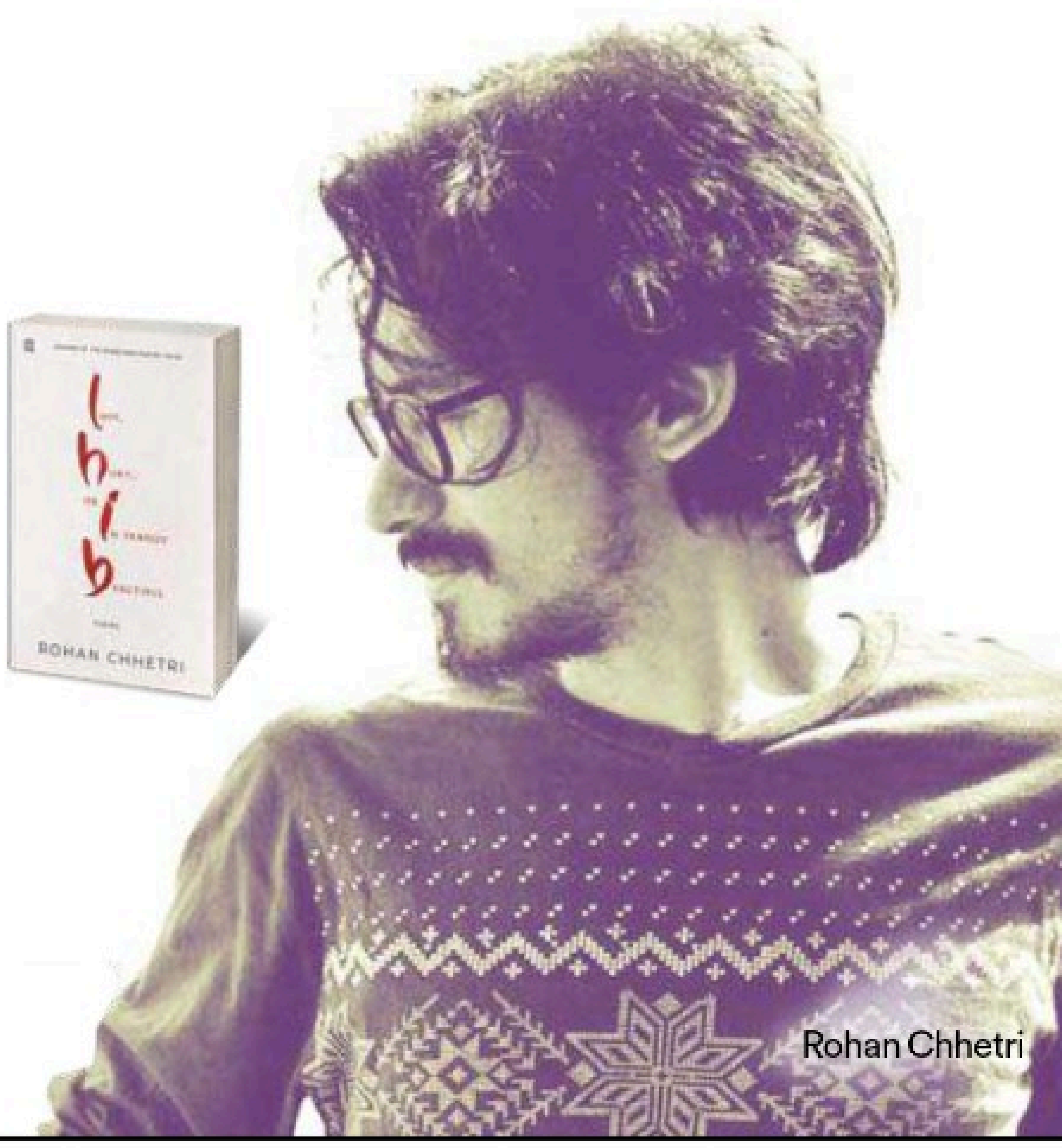
There are notable technical achievements amidst the power-packed brevity, too. 'Growing Lesson', which covers much the same ground even more eloquently, is structured like a 16th century Spanish 'quintilla', a form comprising of octasyllabic lines arranged in five-line stanzas, with no more than two rhymes per stanza and no rhyming couplets at the end ('Growing Lesson' uses the AABAB rhyme scheme, although ABBAB, ABABA et al also work for a quintilla). In the poem's concluding second stanza, Dev Sen writes:

"Listen, boy, it's time for you to grow.
Words can be as fierce, don't you know?
The treachery that lingers on tongue tips—
Beyond the world that all your dreams show,
Know that blood can be easily shed by lips."

Dev Sen clearly believed that poetry could do anything, retrieve meaning from meaninglessness — but what of the poetry of 'doing nothing', poems that are interested in travelling the "road between clarity and obscurity"? 'Dear Stranger Deciphering this Ancient Script', the opening poem in Sridala Swami's 'Run for the Shadows', ends with this knowing side-glance of a line: "Dear stranger, I say these things because I know they will mean nothing to you." Later in the book, Swami writes:

"I am paraphrasing two poets when I say
I am doing nothing and that is poetry.
Listen."

At the risk of stating the obvious, I'll point out that the space before that final 'Listen' is significant — this interregnum of silence ("all good poetry tends towards silence," Swami had written a decade ago, in the introduction to her debut book *A Reluctant Survivor*) can be read as an invitation to 'do nothing', to revel in stillness amidst the dizzying velocity of the world. However, it can just as easily be interpreted as the pause of comprehension, the reader's complicity in the decidedly grim business of placing word after word after word ("Dear stranger who makes my work timeless and immortal (...)", as a line from the book's opening poem goes).



Rohan Chhetri

NABANEETA DEV SEN CLEARLY BELIEVED THAT POETRY COULD DO ANYTHING, RETRIEVE MEANING FROM MEANINGLESSNESS — BUT WHAT OF THE POETRY OF 'DOING NOTHING'

Swami's previous works, *Escape Artist* (2014) and *A Reluctant Survivor* (2007), are among my favourite Indian poetry books. Line-by-line, she's one of the best English-language poets in India, I reckon. You'd be hard-pressed to find an awkwardly placed or purposeless word in Swami's poems; everything is crystalline and almost nothing is low-stakes, emotionally speaking.

The nimble assuredness of those early poems feels more like full-blown virtuosity in *Run for the Shadows*. And despite the 'doing nothing' proviso, this is a collection that's interested in a great many things: the fragility of physical forms ("As fire fixes clay/ age has fixed me / and it's fixed me good"), the speech patterns of the future, the synaesthetic appeal of mythology. And like always with Swami, this collection uses scientific and technical (especially cinematic) vocabulary in surprising ways.

The concluding poem in the collection, for example, is a Mahabharata riff called 'AI Winter', and imagines the freshly departed Dronacharya's wandering soul as a kind of 'intelligence' (the AI in the title refers, of course, to artificial intelligence) haunting his immortal son Ashwatthama, a Wandering Jew-like figure in Hindu mythology cursed to travel this earth, incapable of shuffling off the mortal coil. Elsewhere, a poem called 'Scene' features the lines "A forest is a stereogram. / Birds in dolby surround. / Movement, like the sky, invisible."

These little touches are reminiscent of works like 'Chromatography', a poem from *Escape Artist* where Swami described the poet's creative process via four sections called 'Solvent', 'Filter', 'Diffusions' and 'Separations'. Poetry itself is one of Swami's great subjects, after all. And with age and experience, her work has featured increasingly sophisticated interplays between text and subtext, "meaning and shadow", as the poet Arundhathi Subramaniam points out on the back cover of *Run for the Shadows*.

In 'Three False Starts and a Conclusion', Swami writes, "Because this is what I do best I do it. Reluctantly / and with rust coating all. (...)" Some of these poems may indeed have been written reluctantly. They won't be read that way, I can assure you. ■

The Haunting of History

Mario Vargas Llosa's new novel, set in 1950s Guatemala, is a warning for our times

Mario Vargas Llosa

GETTY IMAGES

By Ullekh NP

WHEN IT COMES to drawing from history to weave fiction, *Harsh Times* (translated by Adrian Nathan West; Farrar, Straus and Giroux; ₹1,864; 304 pages), Mario Vargas Llosa's latest novel whose English translation hit the stands recently, appears as compelling as his 1981 masterpiece, *The War of the End of The World*, a fictionalised version of the War of Canudos in 19th century Brazil. The 85-year-old, Peru-born Nobel laureate, one of the world's iconic living writers, has a penchant for tapping real-life characters and their actions while writing his novels because, as he admits, it gives him the licence to take liberties with facts.

That's a quotable quote, but given that the most rewarding aspect of Llosa's craft is that he remains loyal to his training as a journalist and retains the intellectual honesty of an essayist, he is only being unusually modest and self-effacing. His meticulous research—in which he doesn't even go wrong with dates and the exact hour of an occurrence—combined with his flair for accuracy make his works of historical fiction as impactful, to a great extent, as non-fiction accounts. The writer seems to know this strength of his all too well.

A few reviewers have wondered whether Llosa, a committed pro-market and conservative intellectual, is finally veering towards the Left in this novel, which is set mostly in the 1950s. For a writer who, unlike his one-time friend, mentor and then rival Gabriel Garcia Marquez who brings up politics in his fiction only with the subtlety of a literary Houdini, Llosa is unabashed about brandishing his ideological stance in his writings. Among the products of the 'Latin American Boom' in literature, he has been the most trenchant critic of 'socialist' yet dictatorial regimes in the region. He had even tried being a politician, contesting presidential polls unsuccessfully against Alberto Fujimori in his home country. The outcome was a book titled *A Fish in the Water* (1993), the highlights of which were no-holds-barred criticism of many Leftist intellectuals of Peru besides memories of his childhood.

No. Llosa hasn't changed much. He is unequivocally in favour of capitalism. The departure he makes in this work is that he also tells the story of how democratisation and modernisation in Latin America in the 20th century were derailed primarily by the fatally flawed American foreign policy and its post-WWII crony capitalism. The watershed event that Llosa has picked up in *Harsh Times* to argue his case of an American folly causing devastating and inexplicable collateral damage is the CIA-backed invasion of Guatemala of 1954 (Operation PBSuccess) to unseat the government of Jacobo Arbenz, whom the author says, was putting his country on the path that the US had taken: building a pro-market democracy. According to Llosa, the American misadventure resulted in a chain reaction throughout the region. The denouement, he argues, is that previously pro-democratic nationalist parties were forced to ally with the Soviet Union for fear of American aggression, and that the myth of armed struggle became immensely popular.

The author has done extensive research for this novel, combing through books, newspapers and magazines from the '50s in Guatemala, travelling along the border of Honduras and Guatemala to grasp the lay of the land, listening to his vast network of friends and historians and exploring what he calls the "secrets" of Guatemala City, the national capital. He also managed, after a prolonged and tormenting wait, to meet the former mistress of the man who replaced Arbenz, Castillo Armas (who was later assassinated to make way for another US puppet), in her Langley, Virginia home not far from the CIA headquarters. He calls the effort to secure an interview with her an "acrobatic wrangling". Called Marta, her warning to Llosa regarding the interview was that while she was not going to read his book, her lawyers would! The woman, who also told him that she had outlived her 10 husbands, refused to say yes or no to his query whether she was a CIA agent or not. The author, meanwhile, keeps talking about what she retains from her past—what he calls the "Verdigris" gaze.

We definitely see Llosa the journalist and researcher on an overdrive even at this ripe old age, travelling far to pore over tomes and leaf carefully through dusty newspapers besides meeting former insiders of various regimes and experts on the country's history. Casting his net wider to understand a piece of history he already knew contributes to the splendour of the narrative, as any reader would discover from page one of the novel. With Dominican dictator Rafael Trujillo making an appearance in the book, plotting assassinations and unleashing violence in Guatemala and elsewhere through his henchmen, the research he had done for the stunning work from 2000, *The Feast of the Goat*, must have come in handy for Llosa. Like that book, this, too, is a multilayered take on Latin American politics.

Now the question is: So, where is the novel in this? Is it merely a retelling of history, told and untold?

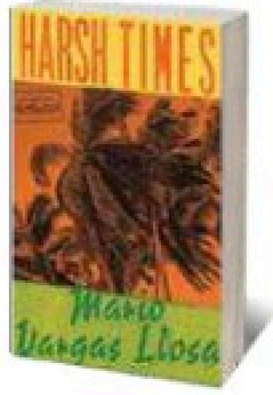
Llosa isn't one of the world's finest living novelists for nothing. The master storyteller recaptures characters, known, lesser-known and unknown, with the skill that has endeared him to readers of fiction worldwide. History and other minute details he picks up from his momentous study of each subject and milieu embellish the pace of this literary half marathon.

Some players in the book were born in the late 19th century, including Samuel Zemurray, president of United Fruit Company, for whom the Americans have wreaked havoc in many Latin American countries, and his diabolical propaganda chief, advertising professional Edward L Bernays. Although the latter is sometimes described as the father of public relations, his role in fomenting trouble in Guatemala where Arbenz asked United Fruit (now called Chiquita Brands) to pay tax as everyone else did is well documented. Arbenz was soon accused of turning his country into a Soviet satellite. Ahead of the US-backed coup, he had to resign, and finally flee the country.

Llosa's gifts as an artist with words comes to the fore while he reconstructs before the readers the lives of each character in the novel, with their eccentricities, insecurities, desires, fears, ambition, duplicity and jealousies. He also talks about wars, intrigue, betrayals, corruption, corporate greed, social unrest, unscrupulous and brutish ambassadors, armies and rebels in the cut-throat world of Latin American and American power politics with a finesse he is often admired for. Plots and subplots involving multiple assassinations, exfiltration, prisons as well as carnal fetishes of people, too, are a sheer treat.

The last scene in the book—of a bloody massacre of a family of a now-tainted former operative comprising him, his wife, daughters, maids and pets with primitive weapons before the savages who launched the attack burnt down his house—leaves a bad taste, but mirrors exactly what Latin Americans feel about extended periods of foreigners meddling in their affairs under the pretext of fighting communism.

By writing this book, Llosa displays, yet again, his famed dexterity in recounting facts that are stranger than fiction. ■



THE MOST REWARDING ASPECT OF MARIO VARGAS LLOSA'S CRAFT IS THAT HE REMAINS LOYAL TO HIS TRAINING AS A JOURNALIST AND RETAINS THE INTELLECTUAL HONESTY OF AN ESSAYIST

By NANDINI NAIR

The Genius of Word Games

Millions are playing the Wordle every day because it challenges and fulfils

THESE DAYS THE chances are that your social media is divided into two kinds of people; those who Wordle and those who do not. Those who Wordle know that once you've started, it is rather impossible to discontinue, and those who do not, wonder what all the fuss is about. The first word of the year, thus, has to be Wordle.

To the uninitiated, Wordle is a word puzzle where a single five letter word is revealed at midnight. The player gets six chances to decipher the word. The only clues provided are a green tile identifying right alphabet, right place, and a yellow tile for right alphabet, wrong place. The rules probably sound more complicated than the game itself. But think of it as a Mastermind with words.

One could guess the game's popularity given how its signature green and yellow grid was popping up on Twitter, Facebook, WhatsApp, etcetera. But as of February 1st, the game has been bought by *The New York Times* (NYT) from its creator Josh Wardle, a software engineer in Brooklyn "for an undisclosed seven-figure sum". The *NYT* purchase just proves what Wordle users have known all along—the game is an addiction.

Wordle released in October 2021 and in three months has millions of daily users across the globe. Josh Wardle's Twitter feed proves handy in documenting the game's popularity. Trevor Noah is a fan. Someone has made a Wordle sequencer that turns your results into music, *The New Yorker* has featured it in its cartoons and certain (competitive) fathers have been keeping a daily tally of the score of each family member. Even Amul Butter's latest ad is inspired by Wordle.

On February 1st, Josh Wardle posted a note on his Twitter handle that he was grateful for the Wordle stories that people shared with him of "uniting distant family members, to provoking friendly rivalries, to supporting medical recoveries." Wardle created the game for his partner Palak Shah, a word-game aficionado, during the pandemic.

Like many other Wordle players (including me), Shah was an *NYT* Spelling Bee addict first. Seeing her interest in the Bee, reported the *NYT*, Wardle decided to create a game just for her. Every day, the subscription-only Spelling Bee releases seven new alphabets, and one central alphabet. For example, on January 31st, the seven alphabets were; L, A, E, I, K, T, V. The central alphabet was L. The challenge is to make as many four-letter or longer words using the above alphabets (the L must be present in each word). The player must also get the pangram—the one word in which all the alphabets are used. Yesterday's pangram was 'talkative'. Bee is certainly like the Indian schooling system because it slots you according to the number of points you make; it starts with Beginner and moves through seven stages such as 'Solid', 'Nice', 'Great' before arriving at the ultimate prize—Genius.

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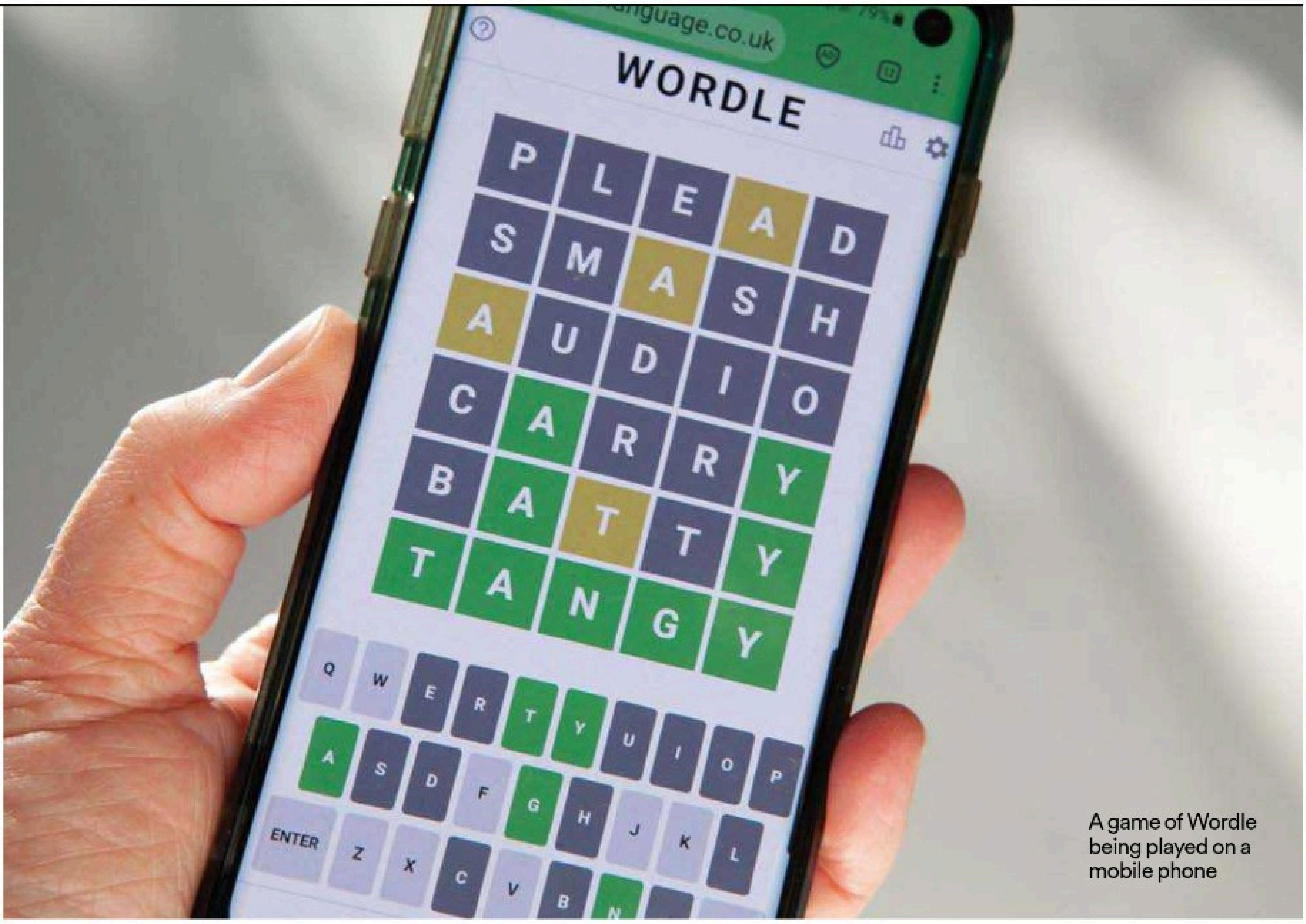
Like the Spelling Bee, Wordle works on the scarcity principle; you can only do one puzzle a day and this makes it more precious. In the online world, where surfeit is a norm this rationing and anticipation for the next converts players into fans.

The success of Wordle arises also from the simplicity of the game. It is free. (*NYT* has assured users that Wordle will initially continue to be free on its platform, but this remains to be seen.) It does not require an app to be downloaded. You just open your web browser and play. Based on simple possibility and omission, the game is also straightforward to decode. My six-year-old, wise-beyond-his-years nephew is the newest family member to try his hand at the game. With the slightest of hints, he too is able to crack the Wordle.

The simplicity of the game ensures that it makes no great demands on one's time or faculties. The Bee was/is a time suck, and those who do it, keep it open on their phones, dipping in and out of it through the day. The Wordle on the other hand is the day's morning cup of coffee. It is the quick-fix entry into the schedule. If one gets it in three tries one feels 'Splendid', if one gets it in the sixth, one can only go 'Phew'. Solving it gives a puzzle solver a sense of easy but achievable accomplishment.

Social media has ensured that an accomplishment is nothing if it cannot be shared. The actual USP of Wordle is that it allows you to share your results and your series of answers, without giving the answer away. And this is what has made the game truly viral. It is not enough to solve it, you need to know how others have fared and you need to inform others how you fared. Every time you finish a game, you will get your statistics. For example, I've played 21 games; in these 21 games, I've solved it in the third try six times and in



ALAMY

A game of Wordle being played on a mobile phone

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the fourth chance, six times as well. As the game moves to a new platform, players are worried about losing their past statistics and streaks. Wardle has ensured them that this will not happen.

It is only natural that a game like this which has seen such a surge in popularity will spawn a series of spinoffs. The potty mouthed can try the Sweardle, "the sweary four-alphabet word guessing game". The super geeky can try the six-letter Wordle found on Metzger.

These multiple versions and the fact that millions are logging in to play word puzzles harks back to a time of simpler pleasures. These are all single-person games, which allow for communities to be built around it. While obsessing over *NYT's* Bee, I would scroll through Twitter for the tell-tale Bee emoji. Players of the game never reveal answers or clues online, but they do vent frustration for all to see. I remember feeling great kinship for Benjamin Dreyer, author of *Dreyer's English*, when Bee did not accept the word 'pituitary' and he sent out a cryptic Tweet into the world that it was a "gland in the body!!" with the signature bee emoji at the end. I too had tried multiple times to make 'pituitary' that day on the Bee, and each time had been fobbed off. To see an author undergo similar pangs of frustration was oddly comforting.

Humankind has always been attracted to puzzles. In Ancient Greece and Egypt, labyrinth drawings were popular, and puzzles are said to have been found in the Indus Valley as well. Fast forward to today, and I can say that these word games are attractive because they give us a sense of comfort, control and competence. The daily routine of opening a single new puzzle calms. As one sees the number of green tiles in Wordle increase, or as one edges towards Genius on the Spelling Bee one feels as if little things are falling into place. When all about you people are losing their heads and blaming it on you, then Wordle can provide solace. These games in their right balance between simplicity and difficulty gives us an opportunity to feel brainy. Yes, I solved that. Yes, I can be a Genius too. Yes, I can be a Genius every day. ■

(This column profiles a different word every month, through a cultural, political and personal lens)

STARGAZER

KAVEREE BAMZAI

JIM SARBH
SHEHNAAZ GILL
ASHUTOSH RANA

Unique Experiment

How tough is it to humanise science? And make the legends more than mere cardboard cutouts of greatness? Men and women who have good days and bad days, who have loves and rivalries? Any stereotypes of science being boring or stodgy, and of scientists being the kind who sit around, is smashed with the new SonyLIV series *Rocket Boys*, with extraordinary performances from Jim Sarbh as Homi J Bhabha and Ishwak Singh (last seen in *Paatal Lok*, 2020) as Vikram Sarabhai. For Sarbh, the series captures an extraordinary moment in Indian history when two men of privilege decided to use their personal ambition for the greater good. "India was just emerging from colonialism and the resources were limited for what they were trying to do. They couldn't even make rubber sheets to study cosmic rays," says Sarbh, adding "these two people could have easily settled down in a foreign country. But Homi chose to leave his Cambridge-educated life and learn about his heritage. He had a sneaking suspicion that the seat of civilisation labelled as Europe wasn't true." It wasn't easy. There was a tremendous amount of preparation. Each day of shoot required four-five days of intense prep, says Sarbh, whose own journey mirrors that of Bhabha. Educated at Emory University in Atlanta, Georgia, he worked in theatre there for a year before deciding to return home. The role of Bhabha comes once in a lifetime. "Complicated science, lots of Hindi, trying to capture the approach of someone who thinks faster than most people. The idea was to make the science less expositional," he says. The reason he got most excited to play Bhabha, apart from his immense contribution to science, was that he was so much more—he was a man of the world, a philanthropist, with interests ranging from art to culture, physics to astronomy and molecular biology. He was a violinist, an artist, he kept 1 per cent of the budget of the Tata Institute of Fundamental Research for art, for the Gaitondes, the Husains, the Razas. He was a complete man. He acted in plays at Cambridge, was on the rowing team, played cricket as a child. Sarbh read biographies on him, especially *Bhabha and his Magnificent Obsessions* by Ganeshan Venkataraman; met Mallika Sarabhai, Vikram's daughter; and studied his friendship with Jawaharlal Nehru, whom he called "*Bhai*". Since returning to India in 2012, Sarbh has played a galaxy of characters on stage, but we who haven't seen much of Mumbai theatre know of him from many dark roles he has played on screen, beginning with his film debut as a demented terrorist in *Neerja* (2016). He's been the very queer Malik Kafur in *Padmaavat* (2018) and the adulterous husband in *Made in Heaven* (2019). Ishwak Singh is a trained architect from the Sushant School of Art and Architecture, Gurugram, and even practised for some years before deciding to act. Vikram's union with Mrinalini Swaminathan was the ultimate marriage of the arts and science, so critical for the brave new India. Ishwak followed the biography by Amrita Shah (*Vikram Sarabhai: A Life*) to map what his onscreen character was like. The union of politics, business (JRD Tata's character appears often, as does Ambalal Sarabhai), science and the arts make *Rocket Boys* a unique experiment. What's more, APJ Abdul Kalam appears too, bringing India's scientific journey up-to-date. For Sarbh, the role sits as perfectly as Bhabha's Art Deco desk in his Mumbai home, which he picked up when the Jamshed Bhabha estate was being auctioned—the proceeds of which went to refurbishing the National Centre for the Performing Arts. Great men with even greater ideas.

The Other India

Netflix's thriller *Aranyak* (2021) was based in Himachal Pradesh and Disney+Hotstar's *Human* was based in Madhya Pradesh. Now, *The Great Indian Murder* (also on Disney+Hotstar) is based largely in Chhattisgarh. Ashutosh Rana plays an ambitious politician with a wayward son (a breakthrough performance by Jatin Goswami). It is bringing in much-needed new accents and new identities into the Bollywood discourse. Enough of mustard fields and Punjabi *dhols*.

Scene and Heard

The week belonged to two down-to-earth Punjabis. Kapil Sharma was a hoot in Netflix's special *I'm Not Done Yet* and Shehnaaz Gill was equally sterling in the *Bigg Boss 15* grand finale with her earthy Punjabi humour. ■